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STUDY GUIDES

SHRM-SCP

Practice Questions

Set 7

400 Questions

Strategic, senior-leader HR judgment at the SHRM-SCP level

Aligned to the 2026 SHRM BASK • Law and guidance current as of October 2026

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How to Use This Set

Answer each question on your own first, choosing the single BEST answer. The real exam allows 220 minutes for 134 questions, so aim for about 1.6 minutes per question. Then check your work against the separate answer key and read every explanation, including for the questions you got right, because the reasoning is what transfers to new questions on exam day.

SHRM-SCP Practice Set 7

400 questions • Answer key and explanations in the separate Answer Key file

Choose the single BEST answer for each question. The real exam gives 220 minutes for 134 questions, so pace yourself at roughly 1.6 minutes per question.

1. A U.S. company hit by ransomware is weighing whether to pay the attackers to restore its HR and payroll systems. The general counsel warns the executive team that paying could itself create legal exposure. What is the PRIMARY source of that risk?

A. Paying any ransom is a federal crime for every U.S. company, regardless of who ends up receiving the payment.

B. The payment would void the company's cyber insurance, which bars any payment to criminal actors.

C. The payment could violate U.S. sanctions if the attackers are tied to a sanctioned person or country.

D. The payment would trigger an automatic breach notice to every employee under federal HIPAA rules.

2. A company is being acquired, and its CFO's change-in-control payments are being reviewed under Internal Revenue Code Section 280G. When do excess parachute payments arise?

A. When the payments exceed $1 million in total, regardless of the executive's prior compensation history.

B. When the payments exceed two times the executive's final annual salary and target bonus in the year of the deal.

C. When the payments equal or exceed three times the executive's base amount, generally the five-year average pay.

D. When the payments equal or exceed three times the executive's average pay over the final three years.

3. A public company's CEO has signed a merger agreement that will be announced to investors next week. The CEO wants to tell employees at the same time, but integration decisions on structure, roles and benefits will not be made for months. What should the CHRO advise?

A. Delay any employee announcement until integration decisions are final so that people receive complete answers.

B. Announce the merger to employees but reassure them that no roles or benefits will change as a result of it.

C. Announce with investors, state plainly what is still undecided, and commit to a schedule of regular updates.

D. Brief only senior managers now and let them share details with their teams as integration decisions are made.

4. A CHRO is preparing a board report on talent investment. The company spent $2.4 million on learning and development last year, and total payroll was $120 million. What is learning investment as a percentage of payroll?

A. 2.0%
B. 0.2%
C. 20%
D. 5.0%

5. A company's AI screening model was trained on 10 years of résumés from employees who were later rated as successful. It does not use race or sex as inputs, yet it favors applicants from certain zip codes and colleges. What is the MOST likely source of bias?

A. Random error in the model, which will average out once more applicants have been processed
B. The use of performance ratings as the outcome, since such ratings are unrelated to whether an applicant can do the job
C. Too few input variables, which forces the model to rely on whatever applicant data it can find
D. Historical patterns in the training data, carried forward through proxy variables linked to protected groups

6. A manufacturer is replacing warnings, unpaid suspensions and final warnings with oral reminders, written reminders and a paid one-day decision-making leave. What is the strategic rationale for this positive discipline model?

A. It removes the need to document performance problems before a termination or final warning occurs
B. It guarantees that employees are not terminated until all three steps are complete
C. It puts responsibility for change on the employee as an adult and reduces resentment
D. It saves payroll costs, because paid leave is cheaper than an unpaid suspension

7. A unionized manufacturer decides, for purely economic reasons, to close one of its product lines and lay off the bargaining-unit employees who work on it. Under the First National Maintenance doctrine, what must the employer bargain over?

A. The effects of the closure on employees, though not the decision to close itself
B. The decision to close, but only if the union requests bargaining in writing
C. Neither the decision nor its effects, because closures are management rights
D. Both the decision to close and its effects, before any final action on the closure is taken

8. A utilities contractor cannot hire enough electricians and estimates it will lose contracts if the shortage continues. The CHRO wants executives to fund a registered apprenticeship program. What should the CHRO emphasize in the business case?

- **A.** A large first cohort, to show executives that HR is fully committed to closing the shortage quickly.
- **B.** A move to pay trades roles well above market until the shortage eases and the hiring backlog clears.
- **C.** Revenue at risk from unfilled trades roles compared with the program's cost, ramp time, and retention.
- **D.** The community goodwill and public image gains that the program will create as its main source of return.

9. A manufacturer's COO submits a reorganization that eliminates 70 roles to cut costs. HR's first look shows that women hold 52 of the affected roles but only 35% of jobs in the units being restructured. The executive committee meets next week to approve the plan. What should the CHRO require before approval?

- **A.** Swapping enough of the selected roles held by women for roles held by men that the affected group mirrors the units' gender mix.
- **B.** A privileged adverse impact review, documented criteria and business reasons for each cut, and a look at alternatives.
- **C.** A communication plan that explains the business reasons for the cuts to all staff, so the change is not seen as targeting any group.
- **D.** Enhanced severance with a signed release from every affected employee, so that any later discrimination claims are waived.

10. Two competing hospital systems agree informally not to recruit each other's nurses and to keep starting pay for nurses at the same level. How do federal antitrust enforcers view this type of arrangement?

- **A.** As a matter regulated only under the NLRA, which is enforced by the National Labor Relations Board
- **B.** As lawful because antitrust law protects product markets rather than labor markets and wages
- **C.** As lawful if the agreement is limited to a single metropolitan labor market and lasts less than one calendar year
- **D.** As a potential antitrust violation that can lead to criminal prosecution of the companies and individuals

11. The board asks the CHRO to design its session on choosing a successor to the retiring CEO. Directors have strong, differing views about the internal candidates. Which session structure is best?

- **A.** Separate the meeting into distinct phases for sharing information, deliberating, and then deciding
- **B.** Open with a straw vote on candidates so directors can focus discussion on the leading candidate
- **C.** Let the retiring CEO lead the discussion, since that leader knows the candidates' work best of all
- **D.** Have each director present a preferred candidate and then debate until a clear favorite emerges

12. A board asks the CHRO to show the return on the company's $40 million annual total rewards spend. Which approach BEST demonstrates total rewards ROI?

- **A.** Report employee satisfaction scores for each pay and benefits program separately
- **B.** Show that the company pays at or above the market median for most benchmark jobs
- **C.** Link changes in rewards spending to offer acceptance, regretted turnover and performance
- **D.** Compare total rewards spend as a percentage of revenue with that of the company's closest industry peers

13. A CHRO learns that the CEO is pursuing an executive compensation arrangement that conflicts with a policy approved by the board's compensation committee. The CEO tells the CHRO to implement it anyway. On governance matters like this, to whom does the CHRO ultimately owe accountability?

- **A.** The organization, as represented by its board of directors
- **B.** The employees, as the stakeholders HR is meant to represent
- **C.** The shareholders directly, bypassing both board and management
- **D.** The CEO, as the CHRO's direct supervisor and the top executive

14. A CHRO tells the board that the company's ability to change quickly and its customer-focused culture should be managed as organizational capabilities. In Dave Ulrich's view, why does this framing matter?

- **A.** Capabilities can be bought outright by hiring talented people into the key leadership positions
- **B.** Capabilities belong to individual leaders, so they leave when those leaders leave
- **C.** Capabilities are intangible, so they need no measures or targets in the HR plan
- **D.** Capabilities are hard to copy and shape how customers and investors value the firm

15. A finance director delays approving a marketing budget, so the marketing director stops sharing campaign data with finance. The finance director then reports marketing's overspending to the CEO, and marketing responds by excluding finance from planning meetings. Which Pruitt and Kim escalation model BEST explains this pattern?

- **A.** The conflict spiral model
- **B.** The aggressor-defender model
- **C.** The dual concern model
- **D.** The structural change model

16. A bank's aggressive sales targets led employees to open customer accounts without authorization. The board has replaced the CEO and asks the CHRO for a culture remediation plan. Which plan is MOST likely to address the root cause?

A. Remove the incentives behind the misconduct, hold leaders accountable, and strengthen speak-up channels

B. Terminate the employees who opened the accounts and require annual ethics and sales-practices training for all sales staff

C. Launch a new values statement and a leadership communication campaign emphasizing customer trust

D. Lower the sales targets by a set percentage while keeping the incentive structure that rewards volume

17. A state agency faces a flat budget for three years while demand for its services grows. It cannot raise pay beyond scheduled steps, and 22% of its staff will be eligible to retire in that period. What is the CHRO's BEST workforce strategy?

A. Use projected retirements to reshape roles toward mission priorities, paired with cross-training and nonmonetary rewards.

B. Offer an early retirement incentive to all eligible staff, so the agency can quickly cut its payroll costs within the flat budget.

C. Request a budget exception from the legislature for pay increases, since better pay is the only way to keep service levels.

D. Fill every vacancy as it arises with the same type of role, so that service capacity stays stable across all agency programs.

18. Demand at a 6,000-employee manufacturer has fallen 15%, and economists disagree on whether the slump will last two quarters or two years. The CFO wants a 10% layoff now to protect margins. Rehiring and retraining skilled machinists takes about nine months. What should the CHRO recommend?

A. Approve the 10% layoff now so that the cuts are made once and survivors can refocus quickly.

B. Hold all staffing steady until economists agree on how long the downturn is likely to last.

C. Offer a voluntary early retirement window across the whole company as the first and main cost-cutting lever.

D. Use flexible levers such as a hiring freeze and reduced overtime, with set triggers for any layoffs.

19. The COO demands a 10% cut in overtime costs, and some regional managers have begun discouraging hourly employees from recording all their hours. Which approach BEST meets the cost goal while controlling legal risk?

A. Use scheduling and staffing analytics to reduce overtime demand, and stop any pressure to underreport hours.

B. Reclassify the highest-overtime hourly roles as exempt supervisors so they are no longer owed overtime.

C. Set fixed overtime budgets for each manager and discipline any manager who exceeds the budget for any reason.

D. Let hourly employees bank overtime hours as compensatory time off to be used in a later pay period.

20. Employees at a consulting firm schedule highly visible wins just before year-end reviews, and ratings reward this timing. Which redesign BEST addresses this behavior?

A. Base ratings only on peer feedback so that managers' recency bias has no effect on the final rating.

B. Hold quarterly check-ins with documented progress so ratings rest on evidence from the full year.

C. Exclude results from the last quarter of the year from ratings so that recent work cannot skew them.

D. Move the review date to a random time each year so that employees cannot plan their wins in advance.

21. A company with sites in 25 countries finds that its religious expression rules vary widely. Some sites ban all religious items at workstations, while at others employees complain about coworkers' repeated, unwelcome efforts to convert them. What should the CHRO do?

A. Let each site manager set religious expression rules based on the religious composition of the local workforce.

B. Allow all religious expression at every site, since any restriction could be treated as religious discrimination.

C. Ban religious items and religious discussion at all sites so that no employee feels excluded or pressured at work.

D. Adopt a global standard allowing personal religious expression but barring unwelcome, repeated proselytizing.

22. A unionized manufacturer will automate several assembly lines over three years, eliminating about 150 jobs and creating 60 technician roles. The union is worried about displacement. What should the CHRO propose?

A. A delay in telling the union about the automation until the year before the first lines change, so as to limit grievances.

B. A joint labor-management committee with a charter and budget to plan retraining, placement and timing of the changes.

C. A company-run retraining program that is announced after the automation plan is final, to avoid slowing the rollout schedule.

D. A plan to fill the technician jobs with outside hires, so that the company gets the technical skills it needs quickly.

23. A CLO is setting evaluation targets for the company's L&D portfolio using the Phillips ROI Methodology. Which set of targets for the share of programs evaluated at Level 4 (business impact) and Level 5 (ROI) is typical of that approach?

A. About 30%-40% of programs at Level 4 and about 20%-30% at Level 5

B. About 60%-90% of programs at Level 4 and about 30%-40% at Level 5

C. About 10%-20% of programs at Level 4 and about 5%-10% at Level 5

D. All programs at Level 4 and about half of all programs at Level 5

24. An employer is negotiating a settlement with an employee who filed a sexual harassment complaint, and counsel proposes confidentiality and nondisparagement provisions. Given the federal Speak Out Act, what should the HR executive understand?

A. The Act targets predispute nondisclosure clauses, so a carefully drafted post-dispute settlement may include them

B. The Act requires harassment settlements to be reported to the EEOC and made available for public review

C. The Act allows nondisparagement terms in harassment settlements only when they bind both the employer and employee equally

D. The Act makes every confidentiality clause in a harassment settlement unenforceable, whenever it was signed

25. A CHRO is helping the corporate secretary prepare the annual proxy statement. Under SEC Regulation S-K Item 404, which related-person transactions must a public company (other than a smaller reporting company) generally disclose?

A. Transactions over $1 million in which a related person's employer is a party to the arrangement

B. Only transactions that shareholders formally approved at the most recent annual meeting

C. Any transaction with a director or executive officer, whatever its size or the person's level of interest

D. Transactions over $120,000 in which the company participates and a related person has a material interest

26. A CHRO wants to apply Carol Dweck's growth mindset research to the company's performance feedback culture. Which feedback practice BEST reflects that research?

A. Limiting feedback to annual reviews so employees are not discouraged by criticism

B. Focusing feedback on effort, strategies and progress rather than on fixed talent

C. Praising employees mainly for being smart or gifted to build their confidence

D. Ranking employees against peers so they see where their natural ability stands

27. An enterprise analysis shows that failed PIPs cluster under managers who rarely hold coaching conversations, while PIP success rates are high under managers who coach regularly. Which investment decision does this evidence BEST support?

A. Redesign the PIP template with more detailed goals and stricter documentation fields

B. Build managers' coaching skills and hold them accountable for ongoing feedback

C. Shorten the PIP timeline so managers spend less time on employees unlikely to improve

D. Shift ownership of all PIPs from line managers to HR business partners across the enterprise

28. After a union wins an election at one of a manufacturer's five plants, the CEO proposes closing that plant, partly to show employees at the other plants what unionizing costs. What is the legal risk under Textile Workers v. Darlington?

A. A partial closing meant to chill organizing at other plants is unlawful

B. A closing is lawful if the company gives 60 days of WARN notice

C. A closing is lawful as long as the plant has been losing money for years

D. Any plant closing after an election win is presumed to be unlawful

29. A global company compares 360-degree feedback scores across countries and finds that leaders in some countries consistently score lower. Rating tendencies are known to differ by culture. What is the BEST approach?

A. Rank all leaders on one global list using raw scores, since one standard is the only fair way to compare.

B. Add a fixed number of points to lower-scoring countries so that every country has the same average score.

C. Compare results with country or regional norms and focus on each leader's relative strengths and gaps.

D. Stop using 360 feedback outside headquarters, since cross-cultural data cannot be interpreted reliably.

30. After delayering, front-line managers at a logistics company now supervise about 25 employees each, and many say they cannot observe enough of each person's work to rate it accurately. Should the company add multi-rater input to performance evaluations?

A. Yes, replace manager ratings with 360 averages so that the evaluations no longer depend on managers.

B. No, instead return to narrower spans of control so that managers can rate everyone through observation.

C. Yes, add structured input from peers and internal customers to inform the manager's judgment.

D. No, since multi-rater input is appropriate only for development and should never inform evaluations.

31. After reading about technology firms, the CEO of a 6,000-employee manufacturer asks the CHRO to adopt unlimited PTO companywide next quarter. About 70% of the workforce is hourly plant staff, and the CEO's goal is to improve retention of engineers. What is the CHRO's BEST response?

A. Implement it for all employees as requested, since visible CEO support aids adoption.

B. Benchmark how many peer manufacturers offer it, and adopt it if a majority do so.

C. Decline the request, since research shows unlimited PTO tends to reduce the time off taken.

D. Define the retention problem, review evidence on fit, and test the practice in a pilot.

32. A multinational with employees in 20 countries uses one global holiday calendar built around Christian holidays. Employees of other faiths say they must use vacation for their own holy days. What should the CHRO recommend?

A. Adopt the U.S. federal holiday calendar in all countries so every employee has the same days

B. Add the major holidays of every faith represented in the workforce as paid company-wide days off in all countries

C. Keep each country's required holidays, add floating holidays, and keep an accommodation process

D. Remove all religious holidays from the calendar and replace them with extra vacation days

33. A CHRO is introducing 360-degree feedback for the executive team. Several executives worry that candid ratings will be used against them in pay or succession decisions, and raters worry about being identified. How should the CHRO design the process?

- **A.** Use it for development only, protect rater anonymity and pair it with coaching
- **B.** Share each executive's full report with the whole team to build openness
- **C.** Let each executive pick raters freely and see the ratings by named rater
- **D.** Tie the results to annual bonuses so that executives take the feedback seriously

34. A struggling retailer needs a turnaround, and the board is split between promoting its respected internal COO and hiring an outside candidate with turnaround experience. The board chair asks the CHRO for counsel. What is the BEST counsel?

- **A.** Help the board define the turnaround's leadership requirements and assess both candidates against them
- **B.** Recommend the internal COO, since insiders know the culture and the business better than anyone
- **C.** Recommend the outside candidate, since turnarounds generally require a clean break from the past strategy and culture
- **D.** Suggest naming the COO interim CEO while the board runs a longer search for outside candidates

35. Why do many organizations conduct pay equity statistical analyses at the direction of legal counsel?

- **A.** To help protect the analysis under attorney-client privilege and the work-product doctrine while counsel advises.
- **B.** Because only attorneys may lawfully access compensation data combined with employees' demographic data.
- **C.** To make sure the analysis is automatically inadmissible in any future pay discrimination lawsuit against them.
- **D.** Because federal law requires pay equity audits to be certified by a licensed attorney before any of the results are used.

36. An openly gay manager is the strongest candidate for a leadership role in a country that criminalizes same-sex relationships. What should HR do?

- **A.** Brief the manager candidly on the risks, let him decide, and provide safety support if he accepts.
- **B.** Remove the manager from consideration to protect him from legal risk in the host country.
- **C.** Ask the manager to keep his sexual orientation private for the length of the assignment.
- **D.** Offer the role without discussing the host-country risks, to avoid treating him differently from other candidates.

37. The CFO is resisting a $1.2 million safety capital request for automated material handling, calling it a cost with no return. The company has three years of workers' compensation and incident data. What is the BEST approach for the CHRO?

A. Propose funding the request through a pilot at one site first, with no projected financial return or payback period.

B. Ask the CEO to approve the request as a values decision, since safety should not be measured.

C. Build a business case with direct and indirect injury costs, expected reductions and payback period.

D. Stress OSHA's maximum penalties to show the cost of noncompliance will exceed the investment.

38. A union offers to end a corporate campaign against a company if the company signs a neutrality and card-check agreement covering all new sites. What is the primary strategic cost the CHRO should weigh?

A. The agreement automatically extends existing contract terms to employees at all of the new sites.

B. The company gives up voicing its views and likely speeds organizing at every new site it opens.

C. The agreement is unenforceable, so the union can resume its corporate campaign at any time it chooses.

D. The agreement requires the company to recognize the union at new sites before any employees are hired.

39. In Getting Together, Fisher and Brown recommend an unconditionally constructive strategy for building working relationships. What does this approach call for?

A. Matching the other side's behavior, cooperating when they cooperate and retaliating when they do not

B. Offering relationship improvements in exchange for concessions on the substantive issues in dispute

C. Giving in on substantive issues when needed so the relationship stays positive and free of conflict

D. Doing what is good for the relationship and for yourself, whether or not the other side reciprocates

40. A 401(k) plan's summary plan description describes a more generous vesting schedule than the formal plan document. Why does this conflict create litigation exposure for the plan sponsor?

A. The plan document always controls, so the conflict creates exposure only if the IRS revokes the plan's qualified status.

B. The SPD automatically overrides the plan document, so the plan must pay the more generous benefit to every participant.

C. The conflict voids both documents, so the plan must operate under ERISA's default vesting terms until it is corrected.

D. Participants harmed by the misleading SPD may seek equitable relief, such as surcharge or reformation, from fiduciaries.

41. A software company allows employees to work from anywhere. HR learns that 15 employees have lived and worked for more than a year in countries where the company has no legal entity. Which enterprise risk is most significant?

A. The company must convert those employees to independent contractors to keep employing them abroad

B. It may create a permanent establishment, with corporate tax and local labor-law duties

C. Those employees automatically lose U.S. employment-law protections and their benefits plan eligibility

D. The U.S. Department of State must approve each arrangement before the employees can keep working

42. During a revenue downturn, the CFO of a national services firm proposes cutting the training budget by 40% across the board. Several programs build capabilities central to the firm's three-year strategy, and HR has impact data on some of them. What is the BEST response from the CHRO?

A. Accept the 40% reduction across all programs to show partnership, and plan to restore the budget once revenue recovers.

B. Suspend all training until the downturn ends, then rebuild the curriculum from scratch based on the strategy at that time.

C. Show which strategic capabilities a cut would put at risk, present ROI data, and offer to cut low-value programs.

D. Argue that training is a core employee benefit that sustains morale and retention and should be exempt from the cut.

43. A company is acquiring a consulting firm whose three founders personally hold relationships with its largest clients. The CFO proposes a large earnout tied to the acquired unit's standalone revenue over three years. What should the CHRO recommend?

A. Replace the earnout with a single large retention bonus paid at closing, so the founders feel valued from the start of the deal.

B. Offer the founders senior titles in the parent company and rely on the new roles to keep them committed to the combined firm.

C. Pair time-vested retention awards and real roles with client transition plans, and set earnout terms that allow integration.

D. Accept the revenue earnout as proposed, since it is the strongest tool for keeping founders engaged and protecting client revenue.

44. A CEO wants to build a learning organization and asks the CHRO what it requires. Which three building blocks are described in a widely cited model?

A. Formal training programs, mandatory course hours and certification of employees' technical skills

B. Clear job descriptions, annual performance reviews and incentive pay tied to individual output

C. A learning management system, a curated content library and a dedicated corporate university for training

D. A supportive learning environment, concrete learning processes and leadership that reinforces learning

45. An HR executive is structuring a services agreement with a partner from a culture high in uncertainty avoidance, using Hofstede's framework. How is this likely to affect the deal structure?

A. The partner will want detailed terms, clear rules and contingencies

B. The partner will prefer flexible terms to adapt as conditions change

C. The partner will defer all decisions to its most senior executive

D. The partner will prioritize individual incentives over group outcomes

46. A manufacturer is closing three plants over the next two years and will offer affected employees transfers, retraining and severance. The board wants to know how HR will measure the transition. What is the BEST approach?

A. Track whether WARN Act notices were issued on time and report the company's notice compliance at each plant.

B. Track redeployment and placement outcomes and analyze separation decisions for adverse impact.

C. Report the number of positions eliminated at each plant against the restructuring schedule approved by the board.

D. Track total severance and retention costs against budget and report the savings achieved at each plant.

47. A vendor of an AI interview-scoring tool refuses to explain how its algorithm works, citing trade secrets. Which contract provisions would BEST protect the employer if it still buys the tool?

A. A vendor certification that the tool is bias-free, plus a confidentiality clause covering candidate scores

B. Rights to audit results, access to data for adverse impact testing, indemnification and cooperation in legal claims

C. A requirement that the vendor disclose its full source code, plus vendor ownership of all candidate data collected through the tool

D. A warranty that the tool complies with all laws, a fixed price for three years and a right to cancel on notice

48. After a private equity firm acquires a company, and during a shortage of licensed technicians, both the new owners and the technicians' union gain strong influence over HR strategy. Which theory BEST explains this shift?

A. Resource-based view: advantage comes from resources that are rare and hard for rivals to imitate

B. Resource dependence: whoever controls critical resources gains leverage over the firm

C. Agency theory: contracts are used to align managers' interests with those of owners

D. Institutional theory: firms adopt practices from peers to appear legitimate to others

49. A CHRO is reviewing HR data practices against privacy principles as the company expands into the EU. Which practice BEST reflects the principle of data minimization?

A. Keeping all applicant files for seven years so that the company can defend future claims

B. Giving employees self-service access so they can review and correct their own HR records

C. Encrypting all employee records stored in the HRIS and in the payroll vendor's cloud system

D. Limiting job application forms to information needed to judge candidates' fit for the role

50. A business unit has 400 employees and must reach 480 in two years. Annual attrition (excluding retirements) is expected to be 12% of the current headcount each year, and 60 employees will retire over the period. How many hires are needed over the two years?

A. 188
B. 236
C. 176
D. 140

51. A retailer's AI scheduling system, licensed from a vendor, miscalculated shifts for three months, leaving 400 hourly employees with fewer paid hours than the minimum the company's policy guarantees. What is the CHRO's BEST response?

A. Accept company accountability, make affected employees whole promptly, then fix oversight and pursue the vendor separately
B. Direct affected employees to seek compensation from the vendor, since the error originated in the vendor's software
C. Wait for the vendor's root-cause report and contract review before deciding whether any back pay is owed to the affected employees
D. Offer affected employees extra shifts over the next quarter in place of back pay for the hours they lost

52. Assaults on nurses at a regional health system have risen sharply over two years. There is no federal OSHA standard specific to workplace violence. What should the CHRO prioritize in building a prevention program?

A. Focus on de-escalation training for nurses, since staff behavior is the main source of the risk.
B. Build a written program with worksite risk analysis, controls, training and staff incident reporting.
C. Add security officers in emergency departments and track the program's results through the injury rate alone.
D. Wait until OSHA issues a workplace violence standard, since only that would set enforceable duties.

53. A CHRO analyzing a conflict over budget cuts sees the organization as an arena where coalitions with differing interests bargain and compete for scarce resources. Which Bolman and Deal frame is the CHRO using?

A. Political frame
B. Symbolic frame
C. Human resource frame
D. Structural frame

54. A CEO asks why the CHRO insists that the company's people practices, rather than its new manufacturing technology, will sustain its competitive advantage. Following Pfeffer's argument, what is the BEST explanation?

A. People systems are complex and embedded in culture, so rivals can't copy them
B. People practices are protected by patents and trade-secret law against imitation
C. Technology costs more than people, so competitors cannot afford to purchase it
D. Labor laws restrict competitors from hiring away a firm's trained employees

55. A PSU award has a target of 10,000 shares. Relative TSR ranks at the 60th percentile of the peer group, and the payout schedule pays 120% of target at the 60th percentile. How many shares are earned?

A. 12,000 shares
B. 6,000 shares
C. 10,000 shares
D. 7,200 shares

56. A CFO asks HR for total cost of workforce as a share of operating expense. Annual costs are base pay $50 million, variable pay $8 million, benefits $14 million, and contractors $6 million. Total operating expense is $180 million. What is the ratio?

A. 43.3%
B. 32.2%
C. 40.0%
D. 27.8%

57. A point factor job evaluation system requires trained evaluators, committee time and regular maintenance. Under which conditions is this administrative cost MOST justified?

A. Many unique or hard-to-match jobs, high pay equity scrutiny and a strong emphasis on internal equity
B. A fast-changing startup in which roles are redefined often and speed of hiring matters most
C. A small workforce in which nearly all jobs have close, current matches in reliable published market survey data
D. An organization whose pay strategy is to match the market rate for every single job it has

58. Before announcing a new strategy, a CEO shows the board and top 200 leaders data on falling market share, customer defections and a widening cost gap, and argues that the current business model cannot last. In Lewin's change model, which stage is the CEO leading?

A. Moving
B. Quasi-stationary equilibrium
C. Unfreezing
D. Refreezing

59. The CEO tells the CHRO to cut the HR budget by 15% next fiscal year. HR already runs lean, and business leaders value most of its services. What is the CHRO's BEST approach?

A. Explain to the CEO that a 15% cut would put compliance at risk and ask to have it reduced
B. Reduce every HR team's budget by 15% so that the burden is shared equally across the function
C. Cut training, engagement and wellness programs first, since they are the least essential
D. Rank services by value and risk, move transactions to self-service, and present options

60. The CHRO wants a cross-functional review before high-risk separations, such as employees who recently complained or took protected leave. What is the PRIMARY purpose of this panel?

A. To give the employee a hearing and a chance to appeal before the termination takes effect
B. To shift legal responsibility for the decision from the manager to the panel's members
C. To approve severance amounts so every departing employee receives the same payment
D. To test documentation, comparator consistency and timing near protected activity

61. In Murray v. UBS Securities (2024), the U.S. Supreme Court ruled on the burden of proof in Sarbanes-Oxley whistleblower retaliation cases. Why does this ruling make contemporaneous documentation of independent business reasons more important for HR?

A. The ruling eliminated the employer's same-decision defense, so documentation now serves only as a historical reference

B. The ruling applies only to employees who report to the SEC, so internal reporters need separate records

C. An employee need not prove retaliatory intent, so the employer must show clearly it would have acted anyway

D. An employee must now prove retaliatory animus, so documentation of the manager's intent becomes central

62. A company wants to retain the tacit expertise of senior engineers before they retire. Which knowledge management approach is BEST suited to this goal?

A. Communities of practice, mentoring, and job shadowing that pass on know-how through shared work.

B. Exit interviews that ask departing experts to list the key tasks, decisions, and contacts of their roles.

C. A searchable document repository where experts upload written procedures before they leave.

D. Recorded training webinars that experts present to large groups of newer staff members.

63. In a reorganization affecting 400 employees, the CFO proposes cutting severance from three weeks per year of service to one week to save money. Releases of claims are a condition of severance. How should the CHRO evaluate the proposal?

A. Accept the cut but ask managers to tell employees privately that the releases they sign will not be enforced.

B. Reject the cut, since federal law requires at least two weeks of severance for each year of service.

C. Model release acceptance and expected claim costs at each severance level against the projected savings.

D. Accept the cut, since employees must sign releases to receive any severance under the plan as written.

64. A billing analyst at a hospital system reports internally that a department has been systematically overbilling Medicare. Early review suggests the problem is real and has lasted two years. What is the CHRO's MOST appropriate role?

A. Wait to see whether Medicare's auditors find the overbilling before the company takes any further action

B. Ask the analyst's manager to address the problem directly with the department head to keep the matter contained

C. Investigate within HR and discipline the billing staff involved before bringing in the legal department

D. Support a counsel-led investigation, protect the reporter, and help leaders decide on refunds and disclosure

65. A year after a merger of equals, legacy leaders protect their own teams, and integration milestones keep slipping. What is the BEST intervention for the CHRO?

A. Add more integration project managers to track each milestone more closely

B. Hold joint team-building retreats for both legacy leadership teams over the course of this year

C. Let each legacy team keep its own processes until the resistance fades

D. Tie leaders' goals and incentives to combined-company results and address blockers

66. Which combination of methods BEST predicts success when selecting senior executives?

A. Unstructured dinner meetings, informal references and a strong track record résumé

B. Structured interviews, business simulations, structured references and assessments

C. Board member interviews, a review of past titles and the search firm's endorsement

D. A personality inventory alone, since leadership style matters most at the top level

67. A company whose employees range in age from their late teens to their 70s is about to move all staff to a new HR and payroll platform. The CHRO is planning the change communications. What is the BEST approach?

A. Rely on managers to explain the change in team meetings without central messages or support materials.

B. Use a single digital channel for everyone so that all employees receive identical information at once.

C. Tailor messages to each generation's known preferences, using text messages for younger staff and print for older.

D. Segment audiences by role, location, and digital access, use several channels, and test messages.

68. The board has terminated the CFO after an investigation substantiated sexual harassment complaints. Employees have heard rumors, and the complainants want to know the company acted. What should the CHRO recommend for the employee announcement?

A. Make no announcement beyond an updated organization chart, so that the matter stays fully private

B. Say the CFO left to pursue other interests, which limits legal exposure and protects everyone's privacy

C. Share the full investigation findings with all employees to show that the company holds its senior leaders accountable

D. Announce the departure factually after legal review, restate conduct standards, and keep details confidential

69. A division president deployed an AI résumé-screening tool without the required governance review in order to meet aggressive hiring targets. Two months later, the CHRO learns of it from a recruiter. What should the CHRO do?

A. Pause the tool for an expedited review, check past decisions for adverse impact, and address the bypass.

B. Ask the recruiter to document the concerns in writing before raising anything with the division president.

C. Remove the tool permanently and bar the division from requesting new AI tools for the rest of the year.

D. Let the tool keep running while governance completes a standard review, since a pause would hurt hiring.

70. Six months after outsourcing payroll and benefits administration, a company has frequent service errors. Business unit leaders now call the vendor directly with conflicting demands, and the vendor says it cannot tell whose instructions to follow. What should the CHRO do to fix the relationship?

A. Apply the contract's financial penalties for every error until the vendor's service level improves

B. Set up joint governance with a retained vendor management team, clear service levels and regular reviews

C. Let each business unit manage the vendor directly so that units get the service levels they need

D. Start the process of terminating the contract and moving all of the work back in-house as soon as possible

71. A company is evaluating an AI reskilling program that costs $2,000,000 up front and is expected to save $900,000 at the end of each year for three years. Using a 10% discount rate, what is the program's net present value?

A. About $700,000, so the program's NPV is positive

B. About $455,000, so the program's NPV is positive

C. About $238,000, so the program's NPV is positive

D. About $29,000, so the program's NPV is positive

72. A board grants its CEO a large guaranteed annual bonus and a generous severance payable even if the CEO is terminated for poor results. The compensation consultant warns that the package may encourage bets that could harm shareholders. Which risk is the consultant describing?

A. Escalation of commitment, since the CEO will persist with failing plans to save face

B. Adverse selection, since the package will attract executives who prefer to avoid risk

C. Moral hazard, since shielding the executive from losses can encourage excessive risk-taking

D. Pay compression, since guaranteed pay narrows the gap between the CEO and the other senior executives

73. A manufacturer will close a plant that employs 400 unionized workers and is the largest employer in a small town. In what order should the communication plan generally reach stakeholders?

- **A.** Union and employees first, with required government notices at once, then customers and media
- **B.** Employees after the final production date, so that early turnover does not disrupt the wind-down
- **C.** Customers and suppliers first, then employees once continuity of supply has been fully secured
- **D.** Media and community leaders first, so the public story is framed before rumors reach the workers

74. Which design BEST helps a criminal history screening policy avoid an unlawful blanket exclusion?

- **A.** Ask about criminal history on the application so screening is applied to all equally
- **B.** Weigh the offense, time since it occurred and job duties, then assess individually
- **C.** Exclude any conviction within seven years, since the FCRA sets that reporting limit
- **D.** Exclude any felony conviction but allow misdemeanors for all positions company-wide

75. Institutional investors have asked the board of a public company how prepared it is to replace the CEO. The board chair asks the CHRO what to present at the next meeting. What is the BEST response?

- **A.** Present a list of internal executives who could be considered, ranked by their tenure and seniority with the company.
- **B.** Present emergency, interim and long-term plans, with named candidates' readiness and development progress.
- **C.** Present the CEO's own recommendation of a successor along with the CEO's planned retirement date.
- **D.** Present the profile of the ideal next CEO and the executive search firm the company would use.

76. A company is about to publish a new pay structure with ranges for every job. Analysis shows that many long-tenured employees are paid near the bottom of their ranges, close to recent hires, because hiring rates rose faster than merit increases. What should the CHRO do BEFORE the ranges are published?

- **A.** Budget compression adjustments and prepare managers to explain the structure and the fixes
- **B.** Publish the ranges now and invite employees with concerns to request a pay review
- **C.** Delay publication indefinitely until the next merit cycle has narrowed the gaps
- **D.** Publish only the range midpoints so employees cannot see where their own pay falls in the range

77. An insurer needs 120 data engineers over two years. The executive team assumes external hiring is fastest. The CHRO's analysis shows reskilling internal analysts costs about 40% less per role and reduces attrition, but takes six months longer. What is the BEST way for the CHRO to present this?

A. Recommend reskilling all 120 roles because it costs less, and present the six-month delay as a minor trade-off.

B. Show a full build-versus-buy comparison of cost, time to productivity and risk, and propose a blended plan tied to the timeline.

C. Defer to the executive team's preference for hiring, since speed is the priority they have already identified.

D. Present the reskilling cost savings alone, since leaders respond most to projected savings and the timing issues can be managed later.

78. Exit interview data at a 4,000-employee insurer show that the most common reason high performers leave is a better title or advancement opportunity elsewhere. Over 70% of manager roles were filled externally last year. What should the CHRO recommend?

A. Require external candidates to have more years of experience so that fewer of them are hired into manager roles

B. Raise base pay for high performers so they are less tempted by advancement offers elsewhere

C. Set an internal-first policy for manager openings backed by readiness development for strong performers

D. Strengthen exit interviews to collect more detail before deciding on any changes to strategy

79. The board asks the CHRO of a 15,000-employee company to modernize HR service delivery with an employee self-service portal and centers of expertise, while cutting HR headcount 20% over two years. What sequencing should the CHRO recommend?

A. Pilot the new model in one region for two years before making any changes to HR roles in other regions.

B. Launch the portal and the headcount reduction on the same date so employees face only one period of disruption.

C. Redesign and stabilize processes and self-service first, then reduce roles as the workload demonstrably shifts.

D. Make the full 20% reduction up front to fund the technology, then build the new model with the remaining staff.

80. What is the primary purpose of defining a risk appetite for AI use in employment decisions?

A. To set how much risk leaders will accept for each type of use, which guides the controls needed

B. To determine which vendors offer the lowest-cost AI tools for each of the HR processes used

C. To eliminate all legal risk from AI in employment decisions before any tool is put into use

D. To estimate the amount of insurance coverage the company needs for AI-related legal and regulatory claims

81. A company's recruiting campaign highlights its investment in career development. Why should the CHRO insist that these claims be backed by measurable program data?

- **A.** Federal law requires employers to prove any statements about development made in job postings.
- **B.** Recruiters need data to decide which candidates should be offered access to development programs.
- **C.** Claims that do not match employees' experience can harm credibility and raise early turnover.
- **D.** Measurable data allow the company to reduce its development budget while keeping the same claims.

82. A CHRO is building a dashboard to assess whether the company's accommodation process is working well across its business units. Which set of measures gives the MOST meaningful view of process quality?

- **A.** Time to resolve requests, whether solutions worked, and requesters' satisfaction with the process
- **B.** Percentage of requests denied and the number of requests that resulted in a formal complaint
- **C.** Number of managers trained on the ADA and the number of policy acknowledgments signed
- **D.** Total number of requests received each quarter and the total dollars spent on all accommodations across business units

83. The CFO asks the CHRO to use an AI tool that scores employees on productivity data to select 300 people for a reduction in force, saying it will be faster and "objective." The tool has not been validated or tested for adverse impact. What is the BEST response?

- **A.** Refuse to use AI at all and have managers choose employees based on their personal knowledge of each person.
- **B.** Use the tool but keep the scoring method confidential so that employees cannot challenge the selections later.
- **C.** Use the tool as proposed, since an algorithm removes the subjective manager bias that often leads to discrimination claims.
- **D.** Use defined, job-related criteria with human review, and test any AI input and the final list for adverse impact.

84. Why do compensation committees often test pay-for-performance alignment using realizable pay instead of grant-date pay?

- **A.** Realizable pay shows how award values changed with stock price and goal results, so it reveals whether pay tracked performance.
- **B.** Realizable pay fixes award values at the grant date, so later stock price swings do not distort the alignment analysis.
- **C.** Realizable pay is the value the SEC requires in the summary compensation table, so it matches the proxy's reported pay totals each year.
- **D.** Realizable pay excludes all equity awards, so it isolates the cash pay that executives control most directly each year.

85. A U.S. multinational plans to eliminate 150 jobs at its Belgian subsidiary. Under EU collective redundancy rules, what must the company do before the dismissals take effect?

A. Inform and consult worker representatives in good time and notify the public authority

B. Obtain approval from the European Commission before publicly announcing the workforce reduction plan

C. Offer every affected employee a transfer to a U.S. role before any dismissals occur

D. Give each affected employee 60 days' written notice, as required under the WARN Act

86. The analytics team building a pay equity regression wants to include each employee's prior salary and latest performance rating to improve the model's fit. Employment counsel warns that both variables could carry bias into the model. How should the CHRO resolve the debate?

A. Exclude prior salary, and include performance ratings only after testing them for differences by group.

B. Exclude both variables permanently and rely only on job level, location and tenure in the pay model.

C. Include prior salary but exclude performance ratings, since ratings are subjective manager judgments.

D. Include both variables, since they are job-related and improve how much pay variation the model explains.

87. The CEO doubts that a leadership program caused a rise in unit profitability, because a new pricing strategy launched in the same quarter. Where feasible, which method gives the most credible way to isolate the program's effect?

A. Compare results of trained leaders with a similar group of leaders who have not yet been trained

B. Survey the participants' direct reports on how much their leaders' behavior changed afterward

C. Compare each unit's profitability in the full quarter before the program with the quarter after it

D. Ask participants to estimate the share of the gain due to the program and adjust for confidence

88. A CISO argues that HR data security is an IT matter that does not need board attention. Why should the board's enterprise risk oversight include the security of employee data?

A. A breach of employee data can cause legal, financial and reputational harm across the enterprise

B. Federal law requires the board to approve the security controls used for each HR system

C. Employee data is the most frequently targeted category of data in cyberattacks on companies

D. Directors are personally liable for any breach of employee data under federal privacy and security statutes

89. A new CEO with a direct, metrics-driven style replaces a long-serving, relationship-oriented founder. Pulse surveys show uncertainty, and several respected leaders are rumored to be interviewing elsewhere. What should the CHRO do FIRST?

A. Advise the CEO to adopt the former founder's style to keep employees comfortable

B. Offer retention bonuses to all senior leaders to prevent any departures during the change

C. Help the CEO run a listening tour, and hold retention talks with key leaders

D. Wait six months before taking action so that employees can adjust to the new CEO

90. In the Miles and Snow typology, a prospector competes by finding new products and markets, while a defender protects a stable niche through efficiency. Which reward emphasis BEST fits each strategy?

A. Both strategies: the same market-median base pay and merit plan, since strategy affects rewards only at the top

B. Prospector: lag-market base pay with no variable pay of any kind; defender: market-leading base pay with profit-sharing for all

C. Prospector: tight internal equity and seniority-based steps; defender: large equity grants and high bonus leverage

D. Prospector: market-leading pay for key talent and incentives for innovation; defender: steady base pay and internal equity

91. A company's new wellness vendor, which runs biometric screenings for health plan members, offers to send the company each participant's results so managers can "support healthier teams." The CEO likes the idea. What should the CHRO recommend?

A. Accept the individual results if each participant signs a consent form at the screening.

B. Receive only aggregate, de-identified reports and bind the vendor to confidentiality terms.

C. Accept the individual results but remove names and keep employee ID numbers so records can be matched.

D. Accept the individual results but limit access to senior HR leaders and the benefits team.

92. An analyst reports that over five years, the company's training spending and its revenue have a correlation of 0.95, and suggests that training drove revenue. Both figures rose steadily each year. Why is the CHRO skeptical?

A. Training spending is a cost, so it cannot be correlated with revenue in any way

B. Any two series that trend upward over time can correlate highly without a causal link

C. Correlations based on five years of data are always statistically insignificant

D. A correlation above 0.90 is implausible and suggests a data entry error in the series

93. Executives at a luxury retailer want an 'image' standard for store staff covering grooming, dress, makeup and appearance. The draft sets different rules for men and women and bans head coverings and some hairstyles. What should the CHRO do before approving it?

A. Replace it with a rule that staff must look 'polished and on brand,' so that the standard avoids naming any specific trait.

B. Approve it, since a retail brand image is a business necessity that overrides religious and disability accommodation duties.

C. Revise it to neutral, job-related rules that burden both sexes alike, with clear religious and disability accommodation.

D. Approve it but let store managers grant exceptions case by case, so local leaders can decide when the brand image allows flexibility.

94. The executive team unanimously approved a retention bonus plan for an acquired company's staff in a 10-minute discussion, without reviewing data on who was at risk or why. The CHRO has concerns. What process recommendation should the CHRO make?

A. Reopen the decision with a structured review of flight-risk data and assign someone to argue against the plan.

B. Implement the plan as approved and measure retention after a year to decide whether to continue it.

C. Ask the CEO to make retention decisions alone in the future to avoid lengthy team debates.

D. Accept the decision, since unanimous approval by the executive team shows strong commitment to making the plan work.

95. A CHRO plans to replace annual performance reviews with continuous feedback across a 9,000-employee company. A pilot showed that managers who were not trained held few check-ins. Which plan is MOST likely to make the change succeed?

A. Launch company-wide at once and require managers to log at least one check-in a month

B. Let each business unit decide on its own whether and when to adopt the continuous feedback model

C. Launch company-wide with a new software tool that sends managers automated reminders

D. Phase the rollout with manager coaching and track the frequency and quality of check-ins

96. A consumer-goods company runs its country units as largely independent businesses that adapt products, pricing and marketing to each local market. Which HR policy approach BEST fits this multidomestic strategy?

A. Regional HR hubs that standardize practices across all countries in a region to achieve scale economies.

B. A global talent pool that rotates country managers frequently to build a single corporate mindset.

C. Uniform global HR policies designed at headquarters and applied in the same way in every country unit.

D. Decentralized HR that lets each unit design most practices to fit local laws, labor markets and culture.

97. The board is pushing for a major transformation, but two members of the executive team openly doubt the strategy in meetings with their own staff. What should the CHRO do FIRST?

A. Recommend replacing the two executives quickly so that the team presents a united front to the board

B. Launch employee communications to build support from the bottom up first

C. Brief the board directly on the two executives' resistance to the strategy

D. Help the CEO surface and work through the executives' concerns to build alignment

98. In one year, 12 employees left a division and exit data attributes their departures to unresolved team conflict. If replacement cost is estimated at 40% of each employee's $70,000 salary, what is the estimated turnover cost of the conflict?

A. $28,000

B. $504,000

C. $840,000

D. $336,000

99. A bank plans to automate about 20% of back-office tasks over two years. Word of the plan has leaked, and engagement scores in operations have dropped sharply. What is the BEST approach for the CHRO?

A. Communicate the plan and reskilling pathways into new roles, and track sentiment with pulse surveys.

B. Keep the details confidential until implementation begins so that employees are not worried by plans that may change.

C. Promise affected employees that no jobs will be eliminated so that morale recovers quickly during the transition.

D. Offer voluntary severance packages to all operations staff now so that those who are worried can leave early.

100. An analysis of last year's performance calibration sessions shows that employees who had filed internal complaints were lowered from their managers' initial ratings at three times the rate of other employees. What should the CHRO do?

A. Exclude complainants from calibration so that only their own direct managers set their ratings.

B. Investigate the pattern, add evidence standards and HR oversight to calibration, and review those ratings.

C. Eliminate calibration sessions entirely, since group discussion is clearly the source of the bias in final ratings.

D. Raise every complainant's rating by one level to offset the pattern and resolve the matter without delay.

101. A multinational's HR team believes that because its EU recruiting tool meets EU AI Act requirements for high-risk systems, its data privacy obligations are also satisfied. Why is this view incorrect?

A. The AI Act governs the system's risk controls, while the GDPR separately governs processing of personal data.

B. The AI Act replaced the GDPR for AI systems, so only personal data processed outside AI tools still falls under the GDPR.

C. The AI Act does not apply to recruiting tools, so the GDPR is the only regulation the company must meet.

D. The GDPR protects only EU citizens, so the AI Act is the law that covers all other applicants in the EU.

102. A public company's CHRO is drafting the labor relations portion of its human capital disclosure for investors. What do investors most typically want to know about labor relations risk?

A. The full text of the strike contingency plans the company has prepared for each site

B. The names of union leaders and their personal bargaining tactics

C. Share of workers unionized, contract expirations and stoppage history

D. Each worker's union status and dues payment record by location

103. A bias audit of an AI resume screener used for New York City roles finds selection rates of 0.42 for men and 0.30 for women. What impact ratio belongs in the audit summary, and what does it mean?

A. About 0.71, which must be reported; the law sets no pass mark, but it is under the rule of thumb and needs review.

B. About 0.12, which must be reported; it is the gap between the rates and falls within the acceptable range.

C. About 0.71, which means the tool fails the audit and cannot be used for New York City roles until the vendor retrains it and a new audit is completed.

D. About 1.40, which must be reported; it exceeds 1.0, so the tool favors women and no further review is needed.

104. In a reduction in force, 30 of 150 employees age 40 and older were selected for layoff, and 12 of 120 employees under 40 were selected. Treating retention as the favorable outcome, what is the impact ratio, and what does the 80% rule of thumb suggest?

A. 0.89; it is above 80%, so this screen alone does not flag adverse impact.

B. 1.13; it is above 100%, so this screen shows that older workers were favored.

C. 0.80; it equals 80%, so the result sits exactly at the adverse impact threshold.

D. 0.50; it is below 80%, so this screen flags adverse impact against older workers.

105. A senior employee reports to the CHRO that the CEO has sexually harassed her. The CEO is the CHRO's direct manager and is close to the general counsel. What should the CHRO do FIRST?

A. Escalate to the independent directors so they can hire an outside investigator

B. Lead the investigation personally because HR owns the complaint process

C. Meet privately with the CEO to hear his side before taking any step

D. Ask the general counsel to run the inquiry and manage all internal and external communications

106. A bank's workforce data shows that women make up 52% of individual contributors but only 30% of first-line managers. Women apply for promotion at similar rates but are selected less often, and selection criteria vary by business unit. What is the BEST response from the CHRO?

A. Publish representation data by level each year so that leaders feel accountable for improving the numbers.

B. Expand recruiting of women at the entry level so that more women are available for later manager promotions.

C. Launch company-wide awareness training on inclusion and require every employee to finish it within 90 days.

D. Review the promotion process and adopt structured, job-related criteria and calibrated decisions.

107. As the CHRO prepares to centralize HR transactions into a shared-service center, several business unit presidents object that they will lose responsive local support. What is the CHRO's BEST approach?

A. Let each unit opt out and keep its own local HR team if it chooses to do so.

B. Proceed as planned, since the CEO has already approved the centralization move for all units.

C. Delay the centralization until every unit leader fully agrees with the plan.

D. Involve unit leaders in designing service levels, escalation paths and governance.

108. The CHRO's analytics team found that turnover among first-year sales representatives is 45%, and the CFO calls the analysis "interesting but soft." Replacing a representative costs about $60,000 in recruiting, training and lost sales. What is the BEST way for the CHRO to respond?

A. Ask the sales leader to present the findings instead, since the CFO may give more weight to an operational leader's view.

B. Compare the 45% turnover rate with industry benchmarks to show the problem is worse than at competitors.

C. Convert the turnover findings into annual cost and revenue impact, and agree on the cost assumptions with finance.

D. Add more detailed engagement survey results to show the root causes of the first-year turnover problem.

109. A new CEO plans to expand the number of direct reports from 7 to 14 to speed decisions. Which consideration should the CHRO raise about this change?

A. Executive spans should stay under eight because management research sets that number as the effective maximum for any leader

B. Span at the executive level has little effect on the organization because layers matter more

C. Wider spans always reduce decision speed, so the CEO should cut the number of direct reports

D. Wider spans can widen the CEO's view, but they add coordination demands that need strong governance

110. An enterprise risk committee rates each of its top 20 risks separately and finds none above its tolerance. Why might this approach understate the company's true exposure?

- **A.** Only risks that fall within the company's direct control can be validly rated in an enterprise risk register.
- **B.** Risks can be correlated or trigger one another, so combined effects may exceed tolerance when no single risk does.
- **C.** Separate ratings overstate exposure, because insurers will reimburse most losses that occur together in the same fiscal year.
- **D.** Ratings from separate owners make the register too long for directors to read, which hides major risks.

111. In Schein's model, organizational structures, systems, rituals, physical space and formal value statements are secondary articulation and reinforcement mechanisms. Under what condition do they actually reinforce culture?

- **A.** When they are communicated widely and repeated often enough that employees come to accept them as true.
- **B.** When they are consistent with the primary mechanisms, especially what leaders pay attention to and reward.
- **C.** When they are introduced all at once so that the new culture is visible in every part of the organization.
- **D.** When they are designed by HR experts using best practices drawn from companies with strong cultures.

112. After EO 11246 was revoked, the board of a 6,000-employee federal contractor asks the CHRO whether the company can drop all of its affirmative action plans. What should the CHRO explain?

- **A.** All affirmative action plans can end, since every plan was based on EO 11246
- **B.** The race and sex plans can end, but the VEVRAA and Section 503 plans are still required
- **C.** The VEVRAA plan can end, but the Section 503 plan and the race and sex plans must continue
- **D.** All plans must continue until OFCCP completes its next compliance review of the company

113. An AI assessment vendor tells the CHRO that its tool shows no adverse impact across its hundreds of clients and offers an aggregate report as proof. The company's applicant pool and job mix differ from the vendor's typical client. What should the CHRO require?

- **A.** A signed vendor warranty stating that the tool has no adverse impact for any client, backed by indemnification
- **B.** Ongoing adverse impact monitoring on the company's own applicant flow after deployment
- **C.** The vendor's aggregate client report, reviewed by counsel before the tool is deployed
- **D.** A one-time validation by the vendor on its own data before the contract is renewed

114. A state regulator requires a company to certify that all managers completed mandatory training by a deadline next week. Records show about 30% have not finished, and the CEO asks the CHRO to sign the certification, promising the rest will finish soon. What should the CHRO do?

A. Sign the certification, since the remaining managers are already scheduled and will finish within a few weeks of the deadline.

B. Decline to sign a false certification, report the actual completion rate, and present a dated plan to finish the training.

C. Have the CEO sign the certification instead, since the request came from the CEO and he accepts responsibility.

D. Sign the certification after requiring the remaining managers to complete a shortened version before the deadline.

115. A software firm moved from transactional to consultative selling. Reps were trained and capable, but results fell because commissions still rewarded deal volume. Using the Nadler-Tushman congruence model, which misfit BEST explains the failure?

A. A misfit between the work the strategy requires and the formal reward system

B. A misfit between the informal culture and the company's external environment

C. A misfit between individual employees' skills and the new consultative tasks

D. A misfit between leadership style and the employees' personal career goals

116. Under the UN Guiding Principles, how does a company's responsibility differ when it causes a human rights abuse compared with when the abuse is only directly linked to its products through a business relationship?

A. If it causes the abuse, it must stop and remediate; if directly linked, it must use leverage but need not remediate.

B. In both cases it must provide full remedy, since the Principles do not distinguish levels of involvement.

C. If it causes the abuse, it must report it to authorities; if directly linked, it has no responsibility at all.

D. If it causes the abuse, it must use its leverage only; if directly linked, it must provide full remedy to all the victims.

117. A CEO asks the CHRO to place his son, a two-year employee, directly into the company's high-potential leadership program without going through the normal nomination and assessment process. The program is a known path to senior roles. What is the BEST response?

A. Reject the son's candidacy entirely to avoid any appearance of favoritism toward the CEO's family members

B. Admit the son, since the CEO oversees talent programs and only the board could overrule him on such matters

C. Apply the standard criteria, route the nomination through the normal process, and recuse the CEO

D. Admit the son on a trial basis and evaluate after one year whether he should remain in the program

118. A company's pay equity regression finds no significant gender pay gap after controlling for job level and performance rating. Why might this result understate pay discrimination?

A. If bias affects who is placed in higher levels or rated highly, those controls absorb the gap and mask it.

B. Performance ratings are subjective, so the law bars their use as a factor in any pay equity analysis.

C. Job level and rating are highly correlated, so using both inflates the gender coefficient toward zero.

D. Controlling for job level leaves too few employees in each level for the model to detect a statistically significant pay gap.

119. Five years after replacing 18 grades with five broad bands, a company finds that pay costs have grown faster than the market and that similar jobs are paid very differently across units. Managers like the flexibility the bands provide. What should the total rewards leader recommend?

A. Return to the 18-grade structure immediately, since the problems show that broadbanding has failed

B. Diagnose the causes and add controls such as reference zones, approval levels and audits

C. Keep the bands unchanged, since manager flexibility outweighs the cost growth and pay differences

D. Cut the pay of employees above their band reference points so that costs return to the target level

120. A CHRO tracks bench strength for 12 critical enterprise roles. Seven of those roles have at least one ready-now successor; the other five have none. What percentage of critical roles has ready-now coverage?

A. 171%

B. 37%

C. 58%

D. 42%

121. A call center's quality scoring deducts points when an agent 'has a noticeable accent.' Agents of certain national origins score lower, which affects their bonuses. What should the CHRO do?

A. Score how well customers understand agents and resolve issues, not accent, and review past bonus effects.

B. Offer accent-reduction coaching to the agents with low scores, so that they can improve their ratings under the current form.

C. Keep the accent measure, since customer preference for a native accent is a valid business reason in customer-facing roles.

D. Remove the accent item but keep past scores and bonuses as they are, since the measure was applied the same way to every agent.

122. The audit committee asks the CHRO to explain how HR manages the risk of its third-party vendors. What should the CHRO present?

A. Copies of vendor contracts showing their data protection and confidentiality clauses

B. A summary of each vendor's service-level performance over the past twelve months

C. A list of all HR vendors with each one's annual contract value and its next renewal date

D. Vendor risk tiers, assessment results, key risks found, and plans to mitigate them

123. A CHRO wants to show the CFO the financial benefit of replacing unstructured interviews with a validated work-sample test for 300 sales hires a year. Which method estimates the dollar value of this improvement in selection?

A. Cost-per-hire analysis

B. Job analysis

C. Adverse impact analysis

D. Utility analysis

124. A company that has always sold hardware products announces a strategic pivot to recurring service contracts. The CEO asks the CHRO to redesign HR strategy to support it. What should the CHRO do FIRST?

A. Benchmark the HR practices used at leading professional services companies.

B. Identify the capabilities, roles and behaviors the services model requires.

C. Restructure the HR team into a centers-of-excellence operating model.

D. Launch a customer service training program for all current employees.

125. A CHRO must show the board how people initiatives drive the company's financial results. Which presentation would BEST demonstrate this link?

A. A strategy map linking people capabilities to process, customer, and financial results

B. A dashboard of HR efficiency measures such as cost per hire, average time to fill, and HR staff ratios

C. A comparison of the company's HR spending per employee with peer company benchmarks

D. A list of HR programs completed and employee participation rates in each program

126. A promotion analysis at a 15,000-employee firm shows women are promoted at rates similar to men up to manager level, but at the manager-to-director transition their promotion rate is 60% of men's. Director selection relies on sponsor nominations and unstructured panel interviews. What should the CHRO do?

A. Target the director transition with structured criteria, calibrated panels and broader sponsorship.

B. Require that half of all director promotions next year go to women to close the gap quickly.

C. Keep monitoring for another year to confirm the gap is not a one-time statistical anomaly.

D. Launch a company-wide leadership development program open to all women at every level of the organization.

127. A retailer is launching a digital marketplace within 12 months and needs leadership expertise in platform economics that no current executive has. Internal high potentials could grow into such roles in three to four years. What should the CHRO recommend?

A. Build the capability internally, since promoting from within best protects the culture

B. Hire a full team of outside leaders and replace executives who lack digital skills

C. Delay the launch until internal high potentials have developed the platform skills

D. Buy or borrow the expertise now while building internal leaders to take over later

128. During due diligence on a promotion, HR discovers that a senior executive was the subject of two prior confidential harassment settlements that were never reported to the board. The CEO asks the CHRO for a recommendation. What should the CHRO advise?

A. Terminate the executive at once on the strength of the two settlements, without any further fact-finding.

B. Proceed with the promotion, since the earlier claims were settled and no finding of wrongdoing was ever made against him.

C. Inform the board of the pattern and commission an independent review of current conduct before any decision.

D. Keep the settlements confidential and require the executive to attend coaching before the promotion.

129. A board member asks why the CHRO funds harassment and discrimination training, a complaint hotline and consistent enforcement. Under Kolstad v. American Dental Association, how can these programs limit exposure?

A. Good-faith programs fully protect the employer from back pay and compensatory damages

B. Good-faith programs matter only in harassment cases, not in other discrimination claims

C. Good-faith compliance efforts can bar punitive damages for managers' acts contrary to them

D. Good-faith programs shift liability for punitive damages to the individual managers involved

130. A CHRO is designing the inclusion section of a quarterly human capital report for the board's talent and compensation committee. Which approach is MOST appropriate for board-level oversight?

A. A detailed dashboard of every program's participation, training hours and event attendance by business unit.

B. A few trend-based indicators tied to business outcomes, with management's commentary on risks and actions.

C. Full engagement survey item results broken out for every demographic group, location and job family.

D. Only demographic compliance data filed with regulators, so the board stays out of operational talent decisions entirely.

131. After the pandemic, a company ended remote work and now denies an employee's ADA request to work from home, saying in-office presence is an essential function. The employee's role was performed fully remotely for two years with good performance reviews. How does that history most likely affect the analysis?

A. It is relevant evidence on whether the job can be done remotely, but it does not compel approval

B. It requires approval, because any job once done remotely must be offered as remote work indefinitely

C. It has no bearing, because remote work during the pandemic was a temporary emergency measure only

D. It shifts the burden to the employee to prove the employer was negligent in ending remote work

132. A company has a large operation in a country whose law shortens the private-sector workday during a month-long religious observance. Last year, global project deadlines did not account for this, and the site missed key milestones. What should the CHRO recommend?

A. Ask employees at the site to waive the shorter hours voluntarily during the peak periods of each major global project.

B. Pay overtime premiums so that the site can keep its normal schedule throughout the observance period.

C. Move critical project work away from the site permanently to locations that do not have shortened hours.

D. Build the shortened hours into global workforce and project plans each year, adjusting staffing and deadlines.

133. An executive team is using a build-buy-borrow framework to decide how to obtain organization design expertise for a one-time restructuring. In which situation does borrowing the capability through external consultants make the MOST sense?

A. The capability is central to the company's long-term competitive advantage and will be used continuously across the business.

B. The company already has strong internal talent with this expertise who could be redeployed to the project.

C. The need is specialized and time-bound, and building the skill internally would take longer than the project allows.

D. The work involves highly confidential strategy that leaders want to keep within a small internal group.

134. Why do capability or innovation acquisitions usually call for slower, lighter integration than acquisitions made for scale or cost synergies?

A. The value lies in the target's people, culture and ways of working, which fast, full integration can destroy.

B. The target is usually too small for full integration to produce savings that would justify the cost of the work.

C. The acquirer usually lacks the HR systems needed to absorb the target until its own processes are upgraded.

D. Regulators usually require innovation targets to remain separate for a period after closing to protect competition.

135. A CHRO is rolling out AI tools that will automate much of the HR shared-services team's transactional work. Staff surveys show strong fear of job loss, and several respected team leads are openly skeptical. What should the CHRO do to build commitment?

A. Proceed on schedule and replace the skeptical team leads with managers who support the transformation.

B. Assure the staff that no HR jobs will be affected so that the rollout can proceed without more disruption.

C. Share honest plans for affected roles, involve the skeptics in the rollout, and fund reskilling.

D. Delay the rollout until survey results show that most HR staff are comfortable with the planned changes.

136. A company rewrites its values statement, redesigns its office layout and launches new recognition rituals, but executives still reward results at any cost. According to Schein, why are these changes unlikely to shift the culture?

A. They are artifacts, which Schein considers irrelevant to how organizational culture forms

B. They target only the basic assumptions level, which cannot be changed by formal programs

C. They are secondary mechanisms that reinforce culture only when consistent with leader behavior

D. They are primary mechanisms that need at least three years before their effects become visible

137. An executive team announces a five-day return-to-office mandate. Within two months, applications for engineering roles drop by half, and offer declines citing the policy have tripled. The CEO asks the CHRO for advice. What is the BEST response?

A. Present the hiring and turnover data, estimate the business impact, and outline options for leaders to weigh.

B. Recommend reversing the mandate, since most candidates prefer remote work in the current market.

C. Support the mandate and raise salary offers so candidates are willing to accept the full-time office requirement.

D. Grant exceptions to engineering candidates who object, so the mandate does not slow critical hiring.

138. A global company is building a business case to centralize HR transactions such as payroll changes, benefits enrollment and employee data updates into a shared-service center. Which pairing BEST describes the typical savings drivers and the principal risk?

A. Savings come mainly from lower wages in the center's location; a key risk is greater data breach exposure.

B. Savings come from letting each unit keep its own processes; a key risk is weaker economies of scale.

C. Savings come mainly from removing HR technology; a key risk is slower processing of transactions.

D. Savings come from scale and standardized processes; a key risk is losing responsiveness to local needs.

139. An executive team plans to launch eight HR AI initiatives in the same quarter, including a recruiting platform, an employee chatbot, AI performance summaries and automated scheduling. All of them will rely on the same managers and HR staff. What is the PRIMARY risk of this plan?

A. Vendor lock-in, because buying several AI tools in one quarter forces the company onto a single platform.

B. Change saturation, as overloaded managers and staff adopt each tool shallowly and gains fade.

C. Budget overruns, because running eight AI vendor contracts at once usually exceeds the HR technology budget.

D. Scope creep, because each project team is likely to add features beyond what its business case approved.

140. A legal review finds that most of a company's e-learning courses lack captions and screen-reader support, and a blind employee has complained that she cannot complete required training. What should the CHRO do?

A. Remediate all of the courses first, then respond to her complaint once the redesign is complete.

B. Ask her to complete the training with a coworker reading the screen aloud as a permanent solution.

C. Excuse her from the required training until all of the courses can be redesigned to be fully accessible.

D. Provide an accommodation for her now and launch a plan to make courses accessible to WCAG standards.

141. To speed decision-making, a CEO proposes removing a management layer and roughly doubling managers' spans of control. Which trade-off should the CHRO highlight?

A. Fewer layers will slow decisions, because each manager must approve more work before it can move ahead.

B. Wider spans will raise labor costs, because managers with more reports must be paid at a higher level.

C. Fewer layers can speed decisions, but each manager has less time per report for coaching and oversight.

D. Wider spans will reduce employee autonomy, because managers must supervise each person more closely.

142. Employees at a distribution center have begun a union organizing campaign, and organizers cite years of unresolved conflicts with abusive supervisors. The CEO asks the CHRO for a response that will also improve relations long term. What should the CHRO recommend?

A. Launch a new open-door complaint program right away so employees see their concerns about supervisors are being taken seriously

B. Train supervisors on lawful campaign conduct now, avoid new benefits or programs, and plan systemic fixes for later

C. Ask supervisors to identify which teams are driving the campaign so HR can resolve those specific conflicts

D. Tell employees that supervisor accountability reforms will follow if the union does not win the election

143. A CHRO wants grievance arbitration in the next contract to be the exclusive forum for employees' age and other discrimination claims. Under 14 Penn Plaza v. Pyett, what must the clause do?

A. Clearly and unmistakably require arbitration of the statutory claims

B. Cover only claims that also involve a breach of the contract's terms

C. Allow employees to sue in court if the union declines to arbitrate

D. Name each employee individually and obtain each one's written consent

144. A CHRO proposes a $4 million retention program for 300 engineers whose attrition threatens a product launch. The CFO objects because the cost will reduce this quarter's EBITDA. What is the BEST response from the CHRO?

A. Defer the program until the next quarter, when its cost will have less visible effect on the reported quarterly results.

B. Reduce the program to fit within the current quarter's budget by offering retention bonuses only to the top 30 engineers on the team.

C. Quantify the launch revenue and replacement costs at risk and show how the program's cost compares over the full launch period.

D. Escalate the issue to the CEO, since retaining talent for the launch is a strategic priority that should outrank cost.

145. A private company plans an initial public offering in 15 months, and bankers say investors will scrutinize leadership depth and executive pay. What should be the CHRO's top priorities to support valuation?

A. Build public-company readiness: compensation committee governance, a clawback policy, equity plans and leader retention.

B. Hire a full slate of new executives with public-company experience, since investors prefer leaders who have done an IPO.

C. Delay changes to executive pay until after the IPO, since public disclosure rules apply only once the shares are trading.

D. Grant large equity awards to all employees before the IPO, since broad grants build loyalty and raise the share price.

146. Which term describes the tendency of established organizations to keep operating through existing routines, structures and resource commitments even after major shifts in their environment call for change?

A. Organizational inertia

B. Learned helplessness

C. Collective change fatigue

D. Groupthink among leaders

147. A unionized manufacturer receives a request from a worker with a back injury to be reassigned to a less physical job that, under the collective bargaining agreement's seniority provisions, belongs to a more senior employee. Under US Airways v. Barnett, how should the CHRO evaluate the request?

A. The seniority system will ordinarily prevail, unless special circumstances show it is not reliably followed.

B. The accommodation will prevail, since the ADA overrides any conflicting terms in a collective bargaining agreement.

C. The seniority system will prevail only if the union agrees in writing for each individual request.

D. The employer must bargain with the union to impasse before it can deny any accommodation request.

148. A U.S. manufacturer that imports key components faces uncertain tariff decisions that could raise input costs sharply, leave them unchanged, or prompt it to reshore production. The board asks the CHRO for a headcount plan for the next two years. What is the BEST way for the CHRO to structure the plan?

A. Plan for the reshoring scenario, since being understaffed would be more costly than being overstaffed.

B. Freeze all hiring until tariff policy is settled, so the company avoids adding staff it may later need to lay off.

C. Base the plan on the most likely tariff outcome so the board has one clear headcount number to approve.

D. Present workforce plans for each tariff scenario, with trigger points and the actions each would set off.

149. A company's German subsidiary has a works council. The global investigations team wants to deploy new software there that monitors employee emails and system activity to detect misconduct. What should HR do BEFORE deploying it?

A. Notify the works council after deployment, since monitoring for misconduct is a management right.

B. Deploy the tool in Germany only for employees already under investigation, without council involvement.

C. Deploy the tool and let employees who object raise their concerns individually with HR.

D. Negotiate the tool's use with the works council and reach an agreement before it is activated.

150. A manufacturer with 5,000 hourly employees across 12 plants is choosing an attendance system. Plant leaders want discretion to judge each absence. What should the CHRO recommend?

A. A uniform no-fault points system with no exceptions, so that every absence counts the same way for all employees.

B. A uniform no-fault points system that excludes protected leave from points, with central review before any termination.

C. Full manager discretion at each plant, since leaders closest to the work can best judge whether an absence was justified.

D. A points system that plant managers can waive for employees with strong performance records or other good reasons.

151. Women in a company's engineering group leave at twice the rate of men. What is the BEST root-cause approach for the CHRO?

A. Provide a retention bonus to women engineers only, since they are the group currently leaving at the higher rate.

B. Analyze exit, promotion, pay and manager data to find specific causes, then fix those practices for all employees.

C. Set a target for women's share of engineering promotions and hold leaders accountable for meeting it each year.

D. Assume that work-life balance is the cause and expand flexible schedules, since that is the most common reason cited.

152. A global HRIS project team plans to go live in all countries at once next quarter. Works councils in several European countries have not yet been consulted, and data transfer assessments are incomplete. What should the CHRO do?

A. Launch everywhere but leave out European employee data until approvals come through.

B. Sequence the rollout so each country goes live after its consultation and data steps are done.

C. Go live everywhere on schedule and consult the works councils once the system is up and running smoothly.

D. Delay the entire project until every country has completed all of its legal requirements.

153. Moving a plant to a lower-cost region would raise margins by two points, but the plant is the largest employer in its small town and closure would devastate the local economy. The board asks the CHRO to help frame the decision. What is the BEST approach?

A. Recommend relocation, since the board's duty is to maximize margins for the company's shareholders.

B. Recommend keeping the plant open, since closing it would breach the firm's duty to the local town.

C. Delay the decision until the town offers tax breaks large enough to close the gap in plant margins.

D. Present a full analysis of options, including alternatives and a responsible exit plan if it moves.

154. A CHRO's HR service dashboard shows only cost per case, case volume and average time to close. The CEO says HR looks efficient, yet managers complain that issues come back again and again. Which change to the dashboard would BEST address this gap?

A. Add more detailed cost measures, such as cost per case broken out by service channel and by HR function

B. Replace average time to close with a target for closing at least 95% of cases within 48 hours

C. Report the number of HR programs and policies launched each quarter to show HR's productivity

D. Add first-contact resolution, user satisfaction and business impact measures beside the cost measures

155. A company's defined benefit pension plan has $80 million in assets and $100 million in projected benefit obligations. What is the plan's funded status, expressed as a funded ratio?

A. 20%

B. 80%

C. 120%

D. 125%

156. When is coaching an executive team as a system MORE appropriate than coaching its members individually?

A. When a single executive's behavior is the main source of the team's problems

B. When one member lacks a specific technical skill needed in a newly expanded or redesigned role

C. When performance problems arise from how members interact and share collective goals

D. When each member has separate, unrelated development goals set by their manager

157. The founder of a family-owned company with 1,200 employees wants his three adult children placed in senior roles within two years, regardless of their readiness. Non-family executives have begun asking about their own career paths. What should the CHRO advise?

A. Set clear, agreed criteria for family members' entry and promotion, with board oversight

B. Place the children in senior roles as asked, since owners may staff the firm as they wish

C. Bar all family members from senior roles so non-family leaders see the process as fair

D. Have the children rotate through each department for two years before any promotion

158. A CHRO wants to prioritize retention actions for 200 senior leaders. Which approach to talent risk assessment is MOST appropriate?

A. Survey all leaders about their intent to stay and focus retention efforts on those who report the lowest intent.

B. Rate each leader's likelihood of leaving and the business impact of the loss, then focus where both are high.

C. Rank leaders by performance rating alone and focus retention spending on the top-rated performers first.

D. Rank leaders by tenure and focus retention efforts on those who have been with the company the longest.

159. A company's IT security unit gains growing influence over budget decisions because every other function depends on its approvals and expertise to operate. Which theory BEST explains this shift in power?

A. Resource dependence theory
B. Transaction cost economics
C. Upper echelons theory
D. Principal-agent theory

160. A manufacturer will open a plant in two years that needs 300 skilled technicians, in a rural region with few trained workers. The CEO asks the CHRO for a long-term talent strategy that also benefits the community. What is the BEST approach?

A. Set pay well above market so the plant can attract trained technicians from nearby employers.
B. Contract with a national staffing firm to supply skilled technicians until local hiring becomes possible over time.
C. Recruit experienced technicians from other states with relocation packages and signing bonuses.
D. Partner with local colleges and the workforce board on curricula, apprenticeships, and hiring pipelines.

161. An operations VP at a nonunion manufacturer argues that the progressive discipline policy delays terminations of poor performers and wants it eliminated. The CHRO agrees the process is slow. How should the CHRO frame the trade-offs?

A. Keep the current process unchanged, since any reduction in steps will increase the company's legal risk.
B. Propose a streamlined process that lets serious issues skip steps but keeps documentation consistent.
C. Let each manager decide whether to use progressive discipline so that every department can move faster.
D. Eliminate progressive discipline entirely, since at-will employment means documentation is never needed.

162. A CEO gives regional leaders a clear statement of the purpose and desired end state of a market expansion, then trusts them to decide how to achieve it as conditions change. Which concept does this reflect?

A. Unity of command
B. Management by exception
C. Commander's intent
D. Span of control

163. A company with 40 sites has no protocol for OSHA inspections. Which element is most important in an enterprise inspection response policy?

A. A rule that site managers refuse entry until a warrant is obtained for every OSHA inspection

B. Trained site representatives who verify credentials, accompany inspectors and document all findings

C. A rule that only the corporate legal department may speak with OSHA inspectors at any of the company's 40 sites

D. A rule that the site stops operations during an inspection to prevent new hazards from being seen

164. A public company's board is fighting a hostile tender offer, and recruiters are already calling the firm's top scientists. The CHRO's existing change-in-control agreements cover only the CEO and CFO. What should be the CHRO's priority?

A. Hold all communication with employees until the board knows whether the offer will succeed

B. Recommend large change-in-control bonuses for all managers and directors to make the takeover more costly

C. Work with the compensation committee and counsel on targeted retention terms for critical talent

D. Begin negotiating employment terms for the executive team directly with the hostile bidder

165. A manufacturer will close a plant employing 300 union members in four months because it lost the plant's main customer contract. Leaders want to wait to announce until effects bargaining is done so the union cannot use the news as leverage. What should HR recommend?

A. Hold the WARN notice until effects bargaining ends, since the union may use an early notice to slow the negotiations on severance.

B. Bargain with the union over the decision to close the plant before giving notice, since closure is a mandatory subject of bargaining.

C. Give WARN notice to the union and officials at least 60 days ahead, and open effects bargaining now so talks end before closing.

D. Treat the WARN notice sent to the union as meeting the duty to bargain, since the notice tells the union about the closing's effects.

166. After a survey, the CHRO wants to identify informal influencers who can help carry changes across the company. How is organizational network analysis MOST useful for this purpose?

A. It shows reporting lines across business units to identify which managers have the largest number of direct reports.

B. It ranks employees by performance ratings and tenure to show which high performers are most likely to be respected by their peers.

C. It maps who employees turn to for advice and information, revealing central connectors who may not hold formal leadership roles.

D. It measures each employee's engagement score to find the most positive employees, who can promote the changes.

167. At a utility company, 40% of skilled field technicians and engineers will be eligible to retire within five years, and much of their expertise is undocumented. Leadership wants a strategy that protects operations without rushing to replace everyone at once. What should the CHRO recommend?

A. Launch an aggressive external hiring campaign to replace each eligible worker before they retire

B. Ask eligible employees to delay retirement by offering retention bonuses tied to working five more years

C. Offer an early retirement incentive so departures are concentrated and replacements can be planned

D. Offer phased retirement and pair retiring experts with successors through structured knowledge transfer

168. A pay equity consultant reviews a point factor plan and finds that it awards many points for physical effort and budget responsibility but none for emotional demands or caregiving skills. Why is this a concern?

A. The plan weights compensable factors, which violates the rule that all factors must count equally

B. The plan may systematically undervalue jobs held mostly by women, contributing to gender pay gaps

C. The plan measures job content rather than individual performance, which courts view as discriminatory

D. The plan includes too few factors to meet the minimum number required under the Equal Pay Act

169. Several employees allege that the chief revenue officer has falsified forecasts and pressured staff to backdate deals. The CEO insists that his chief of staff conduct the investigation to keep it in-house and fast. What is the CHRO's BEST response?

A. Suspend the chief revenue officer at once and let the chief of staff decide later whether to investigate.

B. Have the chief of staff and an HR partner run the investigation together to provide a measure of balance.

C. Explain the conflict and recommend an independent investigator reporting to the general counsel or audit committee.

D. Accept the CEO's choice and give the chief of staff a standard investigation template to keep the process consistent.

170. During a downturn, a CHRO advises the executive team to treat employees as assets to be redeployed, retrained and shared across units, with layoffs used only after other cost options are exhausted. What approach is the CHRO recommending?

A. Strategic outsourcing

B. Rightsizing through attrition

C. Workforce rebalancing

D. Responsible restructuring

171. A long-serving COO, credited with the company's operating success, refuses to take part in succession planning. He tells the CHRO that no one in the company could replace him and that the discussion is premature. The CEO supports the process. What should the CHRO do FIRST?

A. Ask the board to direct him to identify successors by a deadline set for the next meeting

B. Postpone succession for his role until he announces a retirement date and is more receptive

C. Identify and assess possible successors for his role quietly without involving him in the process

D. Meet with him privately to frame succession as continuity risk and his legacy, seeking his input

172. A multinational introduces broadbanding globally and finds that it works well in some countries but meets strong resistance in others. In which type of culture is broadbanding MOST likely to struggle?

A. An egalitarian culture in which employees value flexibility, broad roles and lateral career moves

B. A hierarchical, status-driven culture in which grade and title changes signal career progress

C. A culture with flat structures in which managers have broad decision-making authority

D. A culture that emphasizes teamwork and frequent movement across project-based roles

173. A company settles an EEOC systemic case with a three-year consent decree that requires a monitor, semiannual reports, manager training and a claims process for class members. Why should the CHRO set up a dedicated governance structure?

A. The monitor runs compliance under the decree, so a structure mainly helps the CHRO answer the monitor's questions faster.

B. The decree ends automatically after three years, so a structure helps the company plan the transition back to normal operations.

C. The court enforces the decree, so missed duties can bring contempt or an extended term; each duty needs an owner.

D. The decree is a private contract, so missed duties lead only to renegotiation, but a structure makes the company look cooperative.

174. A global bank's people analytics team proposes three projects: predicting flight risk from engagement survey answers, measuring collaboration from email metadata, and linking wellness-program health data to performance. The CHRO wants an ethics review body in place before any project proceeds. Which design is BEST?

A. A cross-functional board with legal, privacy and employee voices that applies set criteria and can require changes or reject projects

B. An advisory panel of senior analytics leaders that reviews projects after launch and reports any concerns it identifies to the CHRO each year

C. A board of HR business partners that approves any project with a documented business case and a named executive sponsor

D. A review step run by the analytics platform vendor, since it has the deepest technical knowledge of the underlying models

175. A unionized company plans to introduce algorithmic productivity monitoring whose results will be used in discipline. Which principle should guide the rollout?

A. Monitoring tools are a management technology choice, so the company only needs to inform employees in writing when the system goes live.

B. Monitoring that uses AI is regulated by the EEOC, so the union has no role in decisions about the system's use.

C. Monitoring results may be used in discipline only after the system has been validated by an outside auditor for bias.

D. Monitoring that affects discipline is a mandatory subject, so the union must get notice and a chance to bargain before use.

176. A U.S. company wants to hire five employees in a country where it has no legal entity, and it is comparing an employer of record (EOR) with a professional employer organization (PEO). What is the key difference?

A. An EOR is the legal employer in a country without a client entity, while a PEO co-employs in the client's country

B. An EOR co-employs alongside the client's own registered entity, while a PEO becomes the sole legal employer in a country

C. An EOR can be used only for contractors, while a PEO can be used only for full-time employees

D. An EOR handles only payroll processing, while a PEO assumes full employment responsibility for workers

177. A global manufacturer piloted an AI scheduling tool in its North American region and cut overtime costs by 18%. The CHRO now plans to roll it out across five regions, but an assessment shows that workforce data quality varies widely, with two regions missing large portions of shift and skills records. What is the BEST approach to scaling?

A. Pause the expansion entirely until every region's HR data matches the pilot region's quality on every field.

B. Stage the rollout by region, fixing data gaps and setting local baselines before each deployment goes live.

C. Apply the pilot region's 18% savings target to each region and hold regional leaders accountable for reaching it.

D. Deploy to all five regions at once so the company captures the full savings shown in the pilot as fast as possible.

178. A CHRO is building an HR strategy map using balanced-scorecard perspectives for a subscription software company. Which causal chain BEST shows how a learning-and-growth objective should link to customer and financial outcomes?

A. Revenue grows, which funds more training, so more courses are completed each quarter

B. Upskill support staff, which speeds issue resolution, raises renewals and grows revenue

C. Training hours rise, more courses are completed and the cost per training hour falls each year

D. Customer satisfaction rises, so employee skills grow and internal processes improve

179. At a large health system, experts from different departments assemble quickly to solve problems, work together for days or weeks, then disband and form new groups. Amy Edmondson's term for this way of working is which of the following?

A. Psychological safety

B. Team learning

C. Teaming

D. Matrix management

180. A logistics company struggles to hire data and AI specialists and wants to grow its own. The CHRO is designing an 18-month AI apprenticeship for current employees. Which design element is MOST critical to the program's success?

A. Allowing apprentices to return to prior roles if they finish, with no commitment to new AI positions

B. Delivering all content through self-paced online courses so apprentices can learn entirely on their own time

C. Requiring a computer science degree for entry so that only the strongest technical candidates apply

D. Pairing training with real project work and mentors, leading to defined roles at the end of the program

181. A high-growth business unit has the company's highest engagement scores, but its sick days, after-hours system logins and wellness-program referrals have risen sharply for three quarters. The unit leader sees no problem because 'people love the work.' What is the CHRO's BEST strategic response?

A. Treat the pattern as a sustainability risk and work with the leader to address workload, staffing and recovery practices.

B. Rotate the most engaged employees into other units so their energy can lift engagement in lower-scoring areas.

C. Offer the unit expanded wellness benefits such as meditation apps and resilience workshops while keeping the current workload and staffing plan.

D. Accept the leader's view, since high engagement scores show employees are coping well with the unit's current pace.

182. The compensation committee is considering making 15% of executive bonuses depend on ethics and compliance measures. The CHRO is asked to design safeguards. Which design is BEST?

A. Measures based only on the training completion rate of each executive's unit, which is easy to verify.

B. An all-or-nothing payout that is earned only if the executive's unit has no substantiated violations in the year.

C. Measures based on reducing the number of helpline reports and investigations in each executive's unit.

D. Measures that cannot be met by suppressing reports, validated independently, with discretion to adjust.

183. Which description BEST defines total talent management?

A. Managing every stage of the employee life cycle within a single HR information system

B. Planning employees, contingent workers, and automation together as one integrated workforce

C. Linking all performance, pay, and development programs to one competency framework

D. Assigning all workforce decisions, including those about contractors, to the talent acquisition team

184. Several applicants with disabilities say a gamified assessment's timed, fast-reaction tasks prevent them from showing their abilities. The tool is used for all entry-level hiring in 30 states. What is the BEST enterprise accommodation pathway?

A. Ask applicants who request alternatives for medical proof of their diagnosis before they can move forward in the process.

B. Keep the current assessment for all applicants, since a vendor tool used for everyone applies the same standard to each person.

C. Let applicants retake the assessment as many times as needed, so that those with disabilities have more chances to pass.

D. Tell applicants up front how to request accommodation, train recruiters, and offer equivalent alternatives.

185. According to James Grunig's excellence theory of public relations, which model of communication is most associated with excellent, ethical organizational communication?

A. Public information, which shares accurate facts through one-way channels

B. Press agentry, which uses publicity to gain attention for the organization

C. Two-way symmetric, which uses dialogue to build mutual understanding

D. Two-way asymmetric, which uses research to persuade audiences more effectively

186. What is the PRIMARY strategic purpose of an internal talent marketplace?

A. To match employees' skills and interests with internal roles, projects and gigs

B. To post open requisitions to external job boards and source outside candidates

C. To rank employees by performance so leaders can identify the top performers

D. To let employees bid on overtime shifts and schedule swaps across the company's locations

187. A company is moving from selling hardware to selling cloud-based services. The CHRO is building a new leadership competency model, and executives suggest basing it on the traits of the company's most successful past leaders. What should the CHRO do?

A. Base the model on the traits of past successful leaders because they have proven results in this company.

B. Adopt a well-known published competency model so that it can be benchmarked against other companies.

C. Ask every manager to vote on the competencies they value most and include the ones with the most votes.

D. Derive the competencies from what the future strategy will require, then test them with senior leaders.

188. A company grew by decentralizing decisions to regional general managers, who now act like owners of separate businesses. Top executives feel they are losing control over the whole enterprise. According to Greiner's growth model, which crisis is the company facing?

A. Crisis of control
B. Crisis of leadership
C. Crisis of autonomy
D. Crisis of red tape

189. A new AI workforce planning model projects that a logistics company's operations divisions will need 20% fewer staff in three years. The division heads strongly disagree and say the model ignores planned service expansion. The CEO asks the CHRO to recommend a path forward. What is the BEST recommendation?

A. Split the difference and plan for a 10% reduction so that both the model and the division heads are partly satisfied.
B. Test the model's assumptions with division heads, add expansion plans, and build a jointly owned forecast.
C. Adopt the model's forecast as the planning basis, since an AI model is less biased than leaders' own estimates.
D. Set the model aside and use the division heads' estimates, since they understand their operations best.

190. A retailer's leadership team is debating whether to spread its development budget evenly across all roles. The CHRO recommends a workforce differentiation approach that concentrates investment in "A positions." What is the rationale?

A. Equal investment across all roles maximizes engagement, fairness and overall performance
B. Hard-to-fill roles have the costliest turnover, so they should always receive the most
C. These roles strongly affect strategy and vary widely in performance, so investment pays most
D. Senior executive roles cost the most, so they should receive the largest share of investment

191. A company's employee handbook applies to all staff, but several of its attendance and discipline rules conflict with the union contract covering half the workforce. Grievances over the conflicts are rising. What should the CHRO do?

A. Audit the handbook against the contract, state that the contract governs unit members, and bargain changes to unit terms.
B. Withdraw the handbook for all staff, since the company cannot keep separate rules for union and nonunion employees.
C. Apply the handbook rules to unit members until an arbitrator rules that a particular rule conflicts with the contract.
D. Apply the handbook to all staff, since a handbook issued to all employees after the contract was signed governs where it conflicts with the contract.

192. At a U.S. public company, which board body is primarily responsible for approving the CEO's compensation and overseeing executive incentive plans?

A. The nominating and governance committee

B. The executive committee of the board

C. The board's compensation committee

D. The audit committee of independent directors

193. Executives at a 3,000-employee company want to abandon the point factor plan and set every job's pay purely from salary survey data. About 20% of jobs are unique and have no reliable survey match, and the company recently settled a pay equity complaint. What should the total rewards leader advise?

A. Use market pricing as the primary method, keeping a structured internal evaluation for unmatched jobs and equity checks

B. Keep the point factor plan unchanged, since market pricing is not considered a valid job evaluation approach

C. Adopt pure market pricing for all jobs, since market data reflect what is fair and legally defensible in any pay dispute

D. Price unmatched jobs by asking their managers what competitors would likely pay and accept those estimates

194. Which statement reflects the information/decision-making perspective on team diversity, in contrast to the similarity-attraction perspective?

A. Diversity improves decisions only when all members share the same functional background

B. People are drawn to similar others, so diversity tends to lower cohesion and communication within the team

C. Members sort one another into in-groups and out-groups based on visible demographic traits

D. Diverse teams draw on a wider range of information and viewpoints, which can improve decisions

195. A plan sponsor asks what the Mental Health Parity and Addiction Equity Act requires of its group health plan. Which statement is accurate?

A. Plans need to prepare comparative analyses only after a participant files a formal complaint.

B. Plans must match MH/SUD dollar limits only, since prior authorization and visit rules are exempt.

C. Plans must apply treatment limits to MH/SUD benefits comparably and document comparative analyses.

D. Plans must offer MH/SUD benefits, and parity then applies only to annual and lifetime dollar limits.

196. At one plant, near-miss reports dropped to zero within two months of a new supervisor taking over, while production and injury rates stayed the same. How should the CHRO interpret this?

A. As a normal fluctuation that should be watched for another year before taking action

B. As a likely reporting-culture problem, signaling workers do not feel safe raising concerns

C. As a data error in the reporting system that IT should find and correct before any other review takes place

D. As evidence that the new supervisor has removed the main hazards on the plant floor

197. A tentative collective agreement provides a 3% wage increase on a $22 million wage base, plus benefit improvements costing 1% of the wage base. Payroll taxes and other wage-driven costs equal 8% of wages and rise with wages; benefits do not carry that load. What is the first-year incremental cost?

A. $660,000
B. $932,800
C. $880,000
D. $950,400

198. Which four traits make up the Denison organizational culture model?

A. Involvement, consistency, adaptability, and mission
B. Power, role, task, and person organizational cultures
C. Artifacts, values, assumptions, and climate
D. Clan, adhocracy, market, and hierarchy cultures

199. In a history-of-labor-law session for senior leaders, HR explains how the Taft-Hartley Act of 1947 changed the Wagner Act. Which change did Taft-Hartley introduce?

A. It gave employees the right to organize and bargain
B. It added unfair labor practices that unions can commit
C. It gave union members a bill of rights in union affairs
D. It created the National Labor Relations Board itself

200. The chief marketing officer of a consumer goods company proposes eliminating its 25-person customer research team and replacing it with AI agents that analyze survey and social media data, citing large cost savings. The team also runs in-person studies and interprets findings for product leaders. The CEO asks the CHRO for an assessment. What is the BEST response?

A. Oppose the proposal and recommend keeping the full team in place until AI agents have been proven in other companies first.
B. Endorse the proposal because AI agents can now analyze survey and social media data much faster and at a far lower cost than the team.
C. Analyze which team tasks AI can reliably perform, which require human judgment, and the risks, then propose a redesigned team.
D. Recommend a phased layoff of the team over the next year so that institutional knowledge can be recorded before staff leave.

201. An online retailer's customer support volume doubles during a 10-week holiday peak. The CHRO is weighing hiring contingent workers through a staffing firm versus expanding an AI chatbot to handle more inquiries. Which factor should drive the decision MOST?

A. Which option has the lowest up-front cost this year, regardless of what each option means for customer service
B. Which option avoids all co-employment risk, since contingent labor always creates legal liability
C. Which inquiries AI can resolve well and which still need human judgment, compared on cost and service risk
D. Which option the staffing firm recommends, since it has the most experience with seasonal volume

202. The board's compensation committee asks the CHRO whether the company has a gender pay gap. Raw data show women earn 14% less on average; after controlling for job level, function, location and tenure, an unexplained gap of 3% remains. What is the BEST response?

A. Report the 14% raw gap only, since adjusted figures can hide structural inequities

B. Report that the company has no pay equity problem, since the adjusted gap is small

C. Present both figures, explain the adjusted model and propose a plan to fix the unexplained gap

D. Report the 3% adjusted gap only, since the raw gap mainly reflects legitimate differences in jobs and levels

203. The CEO tells the CHRO to use AI to cut HR headcount by 30% within a year. HR handles high-volume routine inquiries but also investigations and complex leave and accommodation cases. What is the CHRO's BEST response?

A. Cut 30% evenly across every HR team so that the impact is shared fairly

B. Accept the target and begin layoffs now, then choose AI tools to fill whatever gaps appear later

C. Reject the target, explaining that HR work is too sensitive to automate at all

D. Assess which tasks AI can do reliably, then phase in changes with controls and reskilling

204. In Fink's four-stage crisis life cycle, what is the stage in which warning signs appear before a crisis fully erupts?

A. The prodromal stage

B. The chronic stage

C. The acute stage

D. The resolution stage

205. A CHRO is negotiating a contract for an AI résumé-screening tool. Which set of contract terms BEST protects the employer?

A. Broad vendor rights to use company data, in exchange for lower subscription fees and faster updates

B. Rights to bias testing and audits, limits on vendor use of company data, and advance notice of model changes

C. A vendor warranty that the tool is unbiased, which transfers all discrimination liability for screening decisions to the vendor

D. Automatic model updates without notice, so the employer always has the newest bias corrections

206. A US software company is opening a 400-person operation in a European country where industry-wide agreements between unions and employer associations set minimum pay and hours. Leaders want to use the US pay structure. What should the CHRO do FIRST?

A. Negotiate a company agreement with lower pay than the sector agreement, since a company-level deal replaces the sector terms.

B. Stay out of the employer association, since sector agreements bind only companies that choose to join the association that signed them.

C. Apply the US pay structure at launch and adjust it only if local unions or works councils raise objections to the pay levels.

D. Find out whether the sector agreement will apply through association membership or government extension, and set pay to meet it.

207. An ERG has invited an external speaker for a company-wide event. The speaker has a large following but has made public remarks that many employees are likely to find offensive. The company has no policy on external speakers. What should the CHRO do?

A. Ask the ERG to find a less controversial speaker but leave the selection process unchanged

B. Set a speaker policy with consistent, viewpoint-neutral criteria and apply it to this invitation

C. Let the event proceed because the ERG chose the speaker and should not be second-guessed

D. Cancel the event immediately and tell the ERG it may not invite any external speakers in the future

208. A newly appointed CEO tells the CHRO that she wants the company's cautious, consensus-driven culture to become fast-moving and accountable within six months, and she wants a plan for the board. Deep culture change usually takes years. What should the CHRO do?

A. Launch a values campaign and training for all employees within six months so the CEO can report rapid progress.

B. Set visible six-month behavior milestones within a multiyear roadmap tied to leader actions and systems.

C. Replace several senior leaders with outside hires in the first six months, since new leaders shift culture faster.

D. Advise the CEO to wait for the next engagement survey to define the target culture before setting any timeline.

209. A small retirement committee lacks investment expertise, and the CHRO is considering delegating fund selection to an outside professional. Which statement is accurate?

A. A 3(38) manager takes over fund selection and ends the committee's fiduciary role entirely.

B. A 3(21) adviser takes over fund selection and removes all of the committee's fiduciary liability.

C. A 3(21) adviser and a 3(38) manager shift the same responsibility, so cost should decide.

D. A 3(38) manager takes over fund selection, but the committee must still select and monitor it.

210. Six months after two regional banks merged, employees still identify with their legacy companies and blame each other for integration problems. The executive team wants a large-group event that builds a shared picture of the combined company's future. What is the BEST way for the CHRO to design an appreciative inquiry summit?

A. Invite only managers from both companies so the event stays focused and manageable in size

B. Open with a gap analysis of each legacy company's problems so the group can rank what to fix first

C. Have the combined executive team draft a future vision in advance and unveil it to employees at the summit

D. Bring a cross-section of both companies through discovery, dream, design and destiny phases together

211. An employer and union move to interest-based bargaining after years of adversarial relations, and the union's members expect visible wins. What is a major risk of this approach in these conditions?

A. Members may see a collaborative deal as a sellout and reject ratification

B. IBB requires both parties to disclose their bottom lines at the start

C. Agreements reached through IBB cannot cover wages and other economic terms

D. The NLRB may find that IBB violates the duty to bargain in good faith

212. A consulting firm with high voluntary turnover wants to rehire strong performers who left for competitors. It currently has no contact with former employees after their departure. What strategy should the CHRO recommend?

A. Build an alumni network that keeps in touch with former employees and invites eligible top performers back.

B. Wait for former employees to reapply through normal postings, since outreach may look like poaching.

C. Offer every former employee a signing bonus to return, regardless of performance or reason for leaving.

D. Add a non-solicitation clause to offer letters so departing employees cannot recruit their former colleagues.

213. A software company's growth depends on about 40 senior engineers whose skills are scarce, and several have recently been approached by competitors. The board's risk committee reviews an enterprise risk register that includes no people risks. What should the CHRO do to get key-talent risk added?

A. Quantify the business impact of losing key engineers, rate likelihood with risk owners, and propose mitigations and reporting metrics.

B. Commission an engagement survey of the engineers and present the results to the committee as evidence of flight risk.

C. Present the recent competitor approaches to the committee and ask it to approve a broad retention bonus for all of the company's engineers.

D. Ask the CEO to add talent risk to the register, since HR does not have standing to raise items with the risk committee.

214. The CFO of a 6,000-employee manufacturer cites an industry benchmark showing the company has 1.6 HR staff per 100 employees versus a peer median of 1.1, and asks for a matching cut. The company runs payroll, benefits administration and training in-house, while many peers outsource them. What is the CHRO's BEST response?

A. Propose outsourcing payroll and benefits right away so that the ratio matches the peer median this year.

B. Compare service scope, outsourced work and complexity with peers, then present cost and service options.

C. Reject the benchmark, since peer data cannot reflect the company's unique culture or circumstances.

D. Agree to cut HR staff to the peer median, since the benchmark is an objective external standard.

215. A company has hired a three-person people analytics team for the first time. Which starting focus is MOST likely to build the team's credibility?

A. Build a predictive attrition model for every employee in the first quarter

B. Publish a monthly report of every HR metric available in the current HRIS

C. Buy an advanced analytics platform before deciding which questions to answer

D. Clean core workforce data and answer a few high-value business questions

216. In a volatile market, a company's annual goals are obsolete by midyear. Leaders are considering quarterly goal cycles. What is the MAIN trade-off?

A. Goals become harder to measure, but managers will spend less time on performance conversations.

B. Goals become easier for employees to reach, but the company loses the ability to tie them to strategy.

C. Goals stay relevant, but more frequent goal-setting adds workload and can weaken focus on long-term priorities.

D. Goals stay relevant, but quarterly goal cycles generally require the company to pay out incentive bonuses to employees each quarter.

217. A 150-employee company is considering replacing its group health plan with an individual coverage HRA (ICHRA) that gives employees a fixed monthly allowance to buy individual coverage. Leaders like the predictable cost but worry about the employee experience. What should the CHRO consider MOST carefully?

A. Employees could keep group coverage and also receive the ICHRA allowance to buy a second policy.

B. ICHRAs are limited to employers with fewer than 50 employees, so the company would not be eligible to offer one.

C. Individual market plan choices and prices vary by area and age, so some employees could pay much more.

D. Allowance amounts must be the same for every employee, so the company could not adjust for age.

218. Midway through an operating-model transformation, the COO who sponsored it leaves the company. Managers have begun asking whether the program will continue. What should the CHRO do FIRST?

A. Take over as sponsor personally, since HR has been closely involved in the program from the start.

B. Work with the CEO to name a new sponsor quickly and publicly reaffirm the program's goals and commitment.

C. Pause the program until a new COO is hired, so that the successor can shape the program from the outset.

D. Continue the program as planned and let the COO's successor decide on its future once he or she is hired.

219. The CFO wants to cut the training and retention bonus budgets by 30% to meet a margin target, while the COO warns that losing skilled technicians would cripple operations. The CEO asks the CHRO to frame the decision. What should the CHRO do?

A. Recommend splitting the cut evenly between training and bonuses so that both executives' concerns are at least partly met.

B. Support the COO's position, since protecting talent is HR's primary role and outweighs short-term cost targets.

C. Model the savings against the projected cost of turnover and lost output, and present options with their trade-offs.

D. Support the CFO's position, since the CEO has set a margin target and HR budgets should share in the reductions.

220. Why are HR functions increasingly assigning dedicated product owners to AI tools such as recruiting assistants and employee chatbots?

A. Product owners take on legal accountability for AI outcomes, which shifts liability away from the HR function.

B. Product owners remove the need for HR business partners to gather requirements from line managers.

C. Vendors require a named product owner before they will release model updates or provide technical support.

D. AI tools need ongoing ownership of performance, user feedback and updates, not one-time project delivery.

221. A newly appointed CEO of a 9,000-employee logistics company wants to move to a new regional operating model within 12 months. Order volume is at an all-time high, and frontline teams are already working sustained overtime. The CEO asks the CHRO how to present the people implications to the executive team. What is the BEST approach?

A. Show the capacity data and offer options, such as phasing regions, that trade speed against execution risk

B. Recommend postponing the redesign until order volume returns to normal and frontline teams have recovered capacity

C. Endorse the 12-month plan and add temporary contractors so existing teams can absorb the extra transition workload

D. Let each regional leader set their own conversion timing, provided all regions finish within the 12-month window

222. A US-headquartered company wants to move EU employee data to US servers to build a global attrition model. Which plan should the CHRO approve to BEST meet data protection requirements?

A. Rely on the US parent's privacy policy, since employee data is exempt from the GDPR's transfer rules.

B. Pseudonymize names and move all other fields, since pseudonymized data is outside the GDPR.

C. Use a valid transfer mechanism and lawful basis, minimize fields, and complete an impact assessment.

D. Obtain each employee's consent, which by itself makes the transfer lawful under the GDPR.

223. After a publicized compliance failure, an investigation shows several employees knew about the misconduct but did not report it because they doubted the ethics hotline was confidential and feared retaliation. What should the CHRO prioritize to rebuild trust in reporting?

A. Move the hotline to the legal department so reports are protected by attorney privilege

B. Rename the hotline and relaunch it with a new phone number and an awareness campaign

C. Have leaders reaffirm anti-retaliation protections and share anonymized results of past reports

D. Require all employees to certify each year in writing that they have reported any known misconduct

224. A US company's executives are negotiating a joint venture with a partner from a high-context culture. The partner's leaders have signaled that the US team's blunt, deadline-driven style is offensive. What should the CHRO advise the CEO?

A. Replace the negotiating team with members who have worked in the partner's home country before.

B. Put all key terms in writing at the start so that the discussions rely less on verbal communication.

C. Keep the current style but explain it openly so the partner understands that no offense is intended.

D. Build the relationship first, communicate indirectly, use an intermediary and allow more time.

225. A strategy team builds a 2x2 scenario matrix to explore the future of its workforce. What determines the two axes of the matrix?

A. Two internal weaknesses that the SWOT analysis ranked as the most severe

B. Two critical uncertainties that have high impact and are highly uncertain

C. Two predictable trends that the team is confident will shape the industry

D. The organization's two most important strategic goals for the next decade

226. A CHRO is evaluating whether a leadership program improved its participants' promotion rates. Which question defines the program's impact?

- **A.** How did participants' promotion rates after the program compare with their rates before it began?
- **B.** How would these participants have fared over the same period if they had not attended the program?
- **C.** How highly did participants rate the program's content and value at the end of the final session?
- **D.** How do participants' promotion rates compare with those of all other employees who did not attend it?

227. A newly public company's CEO tells the CHRO that he will personally choose and groom his successor and present the choice to the board when he is ready to retire. Under sound governance practice, who should own CEO succession planning?

- **A.** The executive search firm retained by the company to run the CEO search
- **B.** The full board of directors, often working through a designated committee
- **C.** The sitting CEO, with the board approving the final candidate he selects
- **D.** The CHRO, who manages the full process and reports progress to the CEO yearly

228. In strategic workforce planning, what distinguishes scenario planning from traditional forecasting?

- **A.** It builds workforce plans for several plausible futures instead of relying on one predicted outcome.
- **B.** It sets the staffing level needed for each role by comparing ratios with industry benchmark data.
- **C.** It projects future headcount by extending historical hiring and turnover trends in a straight line.
- **D.** It asks managers to estimate their staffing needs and then rolls the estimates up to the enterprise.

229. A CFO and CHRO model next year's workforce cost under three scenarios: a base case with a 50% probability and a cost of $10 million, a growth case with a 30% probability and a cost of $14 million, and a downturn case with a 20% probability and a cost of $6 million. What is the expected workforce cost?

- **A.** $9.6 million
- **B.** $10.0 million
- **C.** $10.4 million
- **D.** $14.0 million

230. A company is outsourcing exit interviews to a third party, and the board wants regular insights from them. How should the program be designed?

A. Report themes in aggregate with minimum group sizes, and set a protocol to escalate legal or ethics allegations.

B. Share full individual transcripts with the board each quarter so directors can draw their own conclusions about departures.

C. Promise departing employees complete confidentiality for every statement, including allegations of misconduct.

D. Report results only to the CHRO, since exit data is too sensitive to share with the board in any format.

231. A global company plans to let managers accept AI scheduling and performance recommendations with one click across 40,000 employees. Why does automation bias pose a greater risk at this scale?

A. Employment laws apply stricter accuracy standards to AI used by companies above 15,000 workers

B. Routine acceptance of AI output repeats even small model errors across thousands of decisions

C. Large data sets make AI models less accurate than they are in smaller company deployments

D. Managers at large companies are less skilled at reviewing data than managers at small firms

232. Applying Boudreau and Ramstad's "talentship" decision science, a theme park operator finds that improving street sweepers' guest interactions lifts guest satisfaction more than improving several higher-paid roles does. Which principle does this illustrate?

A. Invest where differences in performance quality change strategic outcomes most

B. Invest where the labor market is tightest, since shortages there are likeliest

C. Invest where performance is currently weakest, since there is most room to gain

D. Invest where average pay is highest, since cost savings there matter the most

233. A retailer rolled out an AI system that sets weekly shift schedules for 30,000 store employees. Complaints and turnover have risen, and employees say the schedules feel arbitrary and that no one can explain or change them. What governance approach should the CHRO recommend?

A. Explain the main scheduling factors to employees, keep managers able to review outputs, and create a clear appeal process.

B. Keep the system as is but add a monthly communication campaign explaining the cost savings it has produced for the company.

C. Let employees swap shifts freely with one another so that schedule complaints are resolved without changing the system itself.

D. Pause the system and return to manager-built schedules until the vendor can show that its algorithm is fully free of error.

234. Corporate security proposes buying software to scan all employees' personal social media accounts for violent language. What is the BEST response from the CHRO?

A. Decline broad scanning and route specific reported concerns to the threat assessment team.

B. Approve it for hourly staff only, since hourly roles see more incidents than salaried roles.

C. Approve it once employees sign consent forms as a condition of their continued employment.

D. Approve it, since public posts can be viewed by anyone and scanning could prevent an attack.

235. A CHRO plans to use broad participative workshops, in which frontline employees openly challenge senior leaders' proposals, to drive a reorganization in a country that scores very high on Hofstede's power distance dimension. What is the MOST likely challenge?

A. Employees may expect individual rewards for their ideas, which would create competition rather than collaboration.

B. Employees may demand formal veto rights over the reorganization, which would slow the decisions leaders must make.

C. Employees may hesitate to voice disagreement with senior leaders, so input may be muted unless leaders visibly sanction it.

D. Employees may reject any change that has not first been approved by a vote of their peers, regardless of leadership's endorsement.

236. An L&D leader uses a PESTLE analysis while building a three-year capability plan. How does this tool help anticipate future skill needs?

A. It measures the learning culture inside the company to show readiness for new skill programs.

B. It scans external trends that may change the work, so new skill needs can be spotted early.

C. It ranks internal training programs by cost and impact so that low performers can be retired.

D. It compares each employee's current competencies with job requirements to reveal skill gaps.

237. A nonunion company is designing a multistep alternative dispute resolution program. Which sequence of steps is MOST appropriate?

A. Mediation, then open-door discussion, then arbitration, then peer review

B. Arbitration, then mediation, then peer review, then open-door discussion

C. Peer review, then arbitration, then open-door discussion, then mediation

D. Open-door discussion, then peer review, then mediation, then arbitration

238. A CHRO is negotiating with a consulting firm to redesign the company's sales compensation plan and proposes a gainsharing arrangement. What does this type of outcome-based contract involve?

A. The consultant is paid a monthly retainer for ongoing access to advice, whether or not projects are delivered.

B. Part of the consultant's fee depends on reaching agreed, measurable business results, so both parties share the risk.

C. The consultant receives a fixed project fee agreed in advance, regardless of the results the new plan produces.

D. The consultant bills hourly for actual time and materials used, with a not-to-exceed cap set for the full redesign engagement.

239. A board asks the CHRO how the company can best measure its ethical culture. Which approach would BEST capture it?

A. A yearly review by internal audit of whether ethics policies are current and posted on the company intranet.

B. The share of employees who complete annual ethics training and sign the code of conduct on time each year.

C. The number of helpline reports received each year, with a lower count taken to indicate a stronger ethical culture overall.

D. Surveys on pressure, leader behavior and comfort speaking up, combined with reporting and retaliation trend data.

240. In a hybrid-work survey, 70% of employees report being more productive at home, but objective output measures for the same teams show no change. Which explanation BEST accounts for the gap?

A. Objective output measures are always less valid than employees' own productivity ratings.

B. The survey sample was too small to detect real differences in measured output levels.

C. Self-reports are prone to self-serving and social desirability biases about one's work.

D. Output measures lag productivity gains by several years, so changes will show up later.

241. A multinational is replacing local HR systems in 30 countries with one cloud HCM platform over 18 months. Countries differ in language, labor law, works council requirements and digital maturity. What is the CHRO's BEST overall change strategy?

A. Launch in all 30 countries at once so that no country has to run old and new systems side by side.

B. Use a global change framework with local change leads, adapted messages and readiness checks by wave.

C. Use one global communication and training plan in English so every country receives the same message.

D. Let each country design its own change approach and timeline, with headquarters tracking go-live only.

242. A CFO proposes outsourcing all HR operations, including payroll, benefits administration and employee service, to an HR outsourcing provider to cut costs by 20%. What should the CHRO do?

A. Accept the proposal for payroll and benefits only, since those areas carry the lowest risk for the company to outsource.

B. Support the proposal, since outsourcing transactional HR work reliably reduces costs while preserving service quality.

C. Oppose the proposal, since outsourcing HR operations erodes the company's culture and its relationships with employees.

D. Evaluate the proposal against strategic fit, total cost, control, risk and employee experience before recommending.

243. A retail chain's customer Net Promoter Score has fallen for four quarters. Store data suggest the decline tracks a new labor-scheduling model that operations introduced to cut payroll costs. The CEO asks the CHRO to look into it. What is the BEST approach?

A. Form a diagnostic team with operations and finance to test how staffing, turnover and customer scores relate by store.

B. Recommend that operations return to the old scheduling model, since the timing of the decline points to the new model.

C. Launch a customer-service training program for frontline staff, since service behavior is the factor HR controls directly.

D. Survey store employees about workload and morale and present the results to the CEO as the HR view of the problem.

244. The operations head at a 14,000-employee logistics firm wants a commercial cognitive ability test for all frontline hires to cut early turnover. Such tests often show group score gaps, and the vendor offers only general research on cognitive tests. What should the CHRO require before rollout?

A. A pilot at one site to measure whether turnover falls, with rollout everywhere if early turnover drops within six months.

B. Evidence that the test predicts success in these jobs, an impact review, and a check for equally valid, fairer tools.

C. The vendor's general research on cognitive tests, since validity shown across many studies applies to any job that uses the test.

D. Use of the test only as one factor in hiring, since a test that does not decide alone cannot create adverse impact claims.

245. A public company is adopting executive stock ownership guidelines. Which statement BEST describes their purpose and typical design?

A. They reward executives for long service by granting extra shares once their ownership reaches a set multiple of salary.

B. They align executives with shareholders by requiring stock held at a multiple of salary, met over a set period.

C. They limit dilution by capping the shares any executive may hold at a set multiple of annual base salary.

D. They protect executives from stock volatility by guaranteeing the value of shares held at a salary multiple.

246. A company's RPO provider has missed its quality-of-hire targets for two straight quarters, although it meets time-to-fill targets. Hiring managers are frustrated, and some want to end the contract right away. What should the CHRO do FIRST?

A. Hold a formal performance review with the provider to find root causes and agree on a corrective plan.

B. End the contract and issue a request for proposals to find a new provider with stronger quality-of-hire results.

C. Add penalties to the contract for missed quality targets and let the provider fix the issues alone.

D. Bring all recruiting back in-house, since the provider has shown it cannot meet quality standards.

247. At a 12,000-employee retailer, 25% of new hires leave within 90 days, and the rate varies widely across regions. The CEO asks the CHRO to redesign onboarding for the whole enterprise. What should the CHRO do FIRST?

A. Buy an onboarding platform so that every location delivers the same online orientation to new hires from their first day.

B. Add a 90-day retention bonus so that new hires stay through the period when most of them leave.

C. Extend new-hire orientation from one day to one full week at every location across the company.

D. Analyze early exits by unit, role, manager, and hiring source to find where and why new hires are leaving.

248. A secular company acquires a smaller firm whose leaders open every staff meeting with a prayer. Some acquired employees value the practice, while others say they feel pressure to take part. The CEO asks the CHRO how to handle it. What is the BEST advice?

A. Keep prayer in the acquired firm's meetings, since it is part of the culture that made the firm successful before the deal.

B. Ban all prayer on company premises so that no employee feels pressured by any religious practice at work.

C. Allow prayer to continue in meetings but let any employee who prefers not to take part step out of the room while it is said.

D. Move prayer to a voluntary gathering outside required meetings, and explain that participation cannot be expected.

249. The COO of a 2,000-employee firm wants to bring outsourced IT support in-house, adding 60 employees. The board watches revenue per employee closely, and this change will lower it. The CEO asks the CHRO for advice. What is the BEST advice?

A. Support insourcing but staff the function through a staffing agency so the new workers stay out of the headcount.

B. Recommend against insourcing, since a lower revenue per employee will signal falling productivity to the board.

C. Frame the decision on total cost, service quality and control, and explain why the metric will move.

D. Base the decision on whether the firm's IT staff-to-employee ratio would be in line with industry benchmarks.

250. While designing self-managing production teams, a consultant advises leaders to define only the outcomes, safety standards and boundaries that are essential, and to let teams decide how to organize the rest of their work. Which sociotechnical design principle is this?

A. Variance control at the source

B. Minimum critical specification

C. Requisite variety

D. Joint optimization

251. An ambiguous overtime distribution clause produces about 30 grievances a year, and arbitrators have read it in conflicting ways. Contract talks begin in six months. What should the CHRO do?

A. Issue a management policy that explains how the clause will be applied going forward, and discipline supervisors who depart from it.

B. Keep arbitrating the grievances until one arbitrator issues an award that settles the meaning of the clause for all cases.

C. Propose removing the overtime clause from the contract, so overtime can be assigned under the management rights clause.

D. Work with the union to draft clearer language, by side letter now or in the coming talks, based on a review of the disputes.

252. A company's internal data science team offers to build a custom attrition model, saying it would cost less than a vendor product. HR's people data are well integrated, but the team has no experience with employment law and is committed to other projects through next year. What should the CHRO weigh MOST in deciding whether to build or buy?

A. Which choice the CEO prefers, since build-versus-buy decisions are mainly a question of executive taste

B. The data science team's interest in the project, since motivated builders produce better models

C. The up-front build cost compared with the vendor's annual license fee for the first contract year

D. Total cost of ownership and the team's capacity to maintain, validate and monitor the model for bias

253. Several ERG executive sponsors have left the company in the past year, and three groups are without sponsors. ERG leaders say some past sponsors rarely attended meetings. Some executives have offered to sponsor groups whose identity they do not share. What approach should the CHRO take?

A. Allow only executives who belong to a group's identity community to sponsor that particular group

B. Define the sponsor role, choose engaged executives including allies, and set term limits

C. Assign the remaining vacant groups to whichever executives have the lightest workload this year

D. Ask the CEO to sponsor every group without a sponsor until replacements are eventually found

254. Executives at a 2,000-employee company want to replace its accrual-based PTO policy with unlimited PTO, mainly to remove the accrued liability from the balance sheet. The CHRO has seen studies showing some employees take less time off under unlimited plans. What should the CHRO recommend?

A. Launch unlimited PTO immediately and forfeit existing balances so the accrued liability is removed at once.

B. Reject unlimited PTO, since such policies are not permitted for employees covered by wage laws.

C. Plan for existing balances, set minimum time-off expectations, and track usage by group after launch.

D. Launch unlimited PTO without usage guidelines so that employees feel trusted to manage their time.

255. The CHRO of a 9,000-employee retailer plans to give all 800 people managers self-service dashboards showing turnover, engagement and pay data for their teams. Legal has raised privacy concerns, and several managers have misread similar reports in the past. What should the CHRO do BEFORE launch?

A. Launch to all managers with full data at once, then tighten access only if misuse is reported.

B. Set role-based access, minimum group sizes for reporting, and required training on reading the data.

C. Have managers sign a confidentiality pledge, then give them the same detailed data views that HR uses.

D. Limit the dashboards to HR business partners, who can share selected insights with managers.

256. What distinguishes transformational HR outsourcing from tactical HR outsourcing?

A. It uses offshore delivery centers, whereas tactical outsourcing relies on domestic providers

B. Its aim is to redesign HR capability and service delivery, not just to cut the cost of tasks

C. It is limited to technology services, whereas tactical outsourcing covers HR administration

D. It moves all HR activities to a provider, whereas tactical outsourcing moves only a few of them

257. After Groff v. DeJoy, a CHRO reviews an enterprise scheduling system that automatically denies Sabbath requests when premium overtime would cost more than a small amount. What change does the decision require?

A. Deny requests only if the employee has already refused two or more previous offers of a reasonable accommodation

B. Keep the system but raise its cost limit to match the ADA's significant difficulty standard

C. Approve every religious scheduling request, since Groff eliminated the undue hardship defense

D. Deny only after assessing whether the request causes substantial increased costs to the business

258. After an election season marked by heated arguments at several sites, the executive team of a private U.S. company asks the CHRO for an enterprise approach to political expression at work. What should the CHRO recommend?

A. No new standards, because employees have a constitutional right to political speech in the workplace.

B. A total ban on all political discussion during work hours, since private employers are not bound by the First Amendment.

C. Rules limiting only the political views that leaders judge most likely to offend coworkers or customers.

D. Viewpoint-neutral conduct standards on respect and disruption, applied consistently and reviewed by counsel.

259. During a strategic shift, a CHRO recommends replacing scripted cascades with structured forums in which leaders and employees openly exchange views and co-create how the strategy will be carried out. Which communication approach is this?

A. Informational communication, built on accurate one-way updates

B. Directive communication, built on clear instructions from leaders

C. Persuasive communication, built on convincing people with evidence and arguments

D. Dialogic communication, built on two-way exchange and shared meaning

260. A company has 1,000 employees at the start of year one. It expects 12% annual attrition, calculated on the starting headcount each year, and plans to grow headcount by 8% each year. How many external hires will it need in year two?

A. 416

B. 200

C. 216

D. 130

261. An internal audit at a utility finds that Black employees pass the supervisory promotion exam at 55% of the rate of White employees, with large samples. The exam was bought from a vendor eight years ago and never validated locally. What is the BEST response plan for the CHRO?

A. Adjust exam scores by race so that pass rates move above 80% for every group

B. Keep using the exam, since it was bought from a reputable vendor and applied the same way

C. Work with counsel to review validity and alternatives, and consider pausing the exam

D. Drop the exam and promote based on supervisor recommendations until a new test exists

262. A utility employs many members of the National Guard, and many other employees are spouses of Guard members. The CHRO is designing a military leave strategy for both groups. Which design reflects federal law?

A. Apply USERRA to Guard members, and FMLA exigency and caregiver leave to eligible family members.

B. Apply USERRA protections to members and spouses alike, since both are affected by a deployment.

C. Offer families only caregiver leave, since exigency leave is limited to active-duty regular forces.

D. Treat a spouse's deployment-related absences as personal time, since FMLA covers only members.

263. A company is preparing to list its shares on a major U.S. stock exchange. What do the listing standards generally require of the compensation committee's membership?

A. All members must be outside directors who own company stock worth at least five times their annual fee.

B. At least one member must be independent and hold a professional compensation or HR certification.

C. All members must be independent directors, with the board weighing their fees from and ties to the company.

D. A majority of members must be independent directors, and the CEO may serve as a nonvoting member of the committee.

264. A healthcare company plans to deploy a generative AI tutor that answers clinical staff questions about procedures during training. In testing, the tutor occasionally gave confident but wrong answers. What is the BEST way for the CLO to proceed?

A. Launch the tutor as planned, since staff can report wrong answers and the model will improve on its own over time.

B. Launch the tutor with a disclaimer that the company is not responsible for any incorrect answers.

C. Ground the tutor in approved content, have experts review outputs and tell users when to verify answers.

D. Cancel the project, since no AI tool can be used safely in a clinical training environment.

265. A company's HR SaaS vendors have imposed steep price increases at renewal. Which contract protection is MOST effective against this risk?

A. A volume discount that lowers the per-employee price as the company's headcount grows

B. A most-favored-customer clause promising the lowest price offered to similar clients

C. A negotiated cap on annual price increases that applies across several renewal terms

D. A short one-year term so that the company can switch vendors at any renewal date

266. An entire 60-person claims department has missed its productivity targets for four straight quarters, and the department head proposes putting 25 employees on PIPs. Other claims teams using the same system meet their targets. What should the CHRO do FIRST?

A. Approve the PIPs, since four quarters of missed targets show a clear pattern of individual low performance.

B. Replace the department head right away, since the problem is limited to this leader's department.

C. Recommend restructuring the department and outsourcing claims work to a lower-cost external provider.

D. Diagnose department-level causes such as leadership, workflow, staffing or training first.

267. A division president consistently beats targets but generates repeated complaints from staff about demeaning behavior, and two high performers have resigned. The CEO values the results. What is the CHRO's BEST strategy?

A. Arrange executive coaching for the president while keeping the complaints confidential to protect the relationship.

B. Recommend termination, since repeated complaints show that the president is not suited to lead the division.

C. Present the costs to the CEO, set clear behavior expectations with consequences, and provide executive coaching.

D. Move the high performers under a different leader so that the division's results are not affected.

268. The CEO of a 15,000-employee insurer wants to announce publicly that no employee will lose a job because of AI. The three-year plan assumes that attrition will absorb some role reductions, but that depends on market conditions. What should the CHRO advise?

A. Avoid any public statement about jobs until the three-year plan is complete and the board has approved it fully.

B. Make the pledge to employees only, so the company can revise it later without drawing attention from the media.

C. Support the pledge as stated, since a bold promise will ease anxiety and speed employee adoption of the tools.

D. Make only a commitment the company can keep, such as reskilling and redeployment priority, and state its limits.

269. An executive team notices that its procedures, systems, shared assumptions and long-tenured employees keep steering new decisions toward past solutions. Which concept describes the stored knowledge that shapes these decisions?

A. Absorptive capacity

B. Groupthink

C. Single-loop organizational learning

D. Organizational memory

270. A CHRO wants to show the executive team which recruiting sources produce hires who drive business results. Which approach BEST measures quality of hire for this purpose?

A. Compare sources on cost-per-hire and time-to-fill, since efficient sources free budget for growth

B. Link each hire's source to later performance, productivity and retention data to compare outcomes

C. Track offer acceptance rates by source, since strong candidates accept offers from top employers

D. Survey hiring managers at 30 days on their satisfaction with each new hire's onboarding progress

271. A CHRO's annual bonus is heavily weighted to reducing company health plan spending by 8%. She is weighing plan design changes that would sharply raise deductibles for lower-paid employees. How should she manage this conflict?

A. Pursue the cost target as set, since the board chose the goal and HR leaders are expected to deliver on it in full

B. Ask the compensation committee to add balancing metrics such as access, quality and employee satisfaction

C. Hand all plan design decisions to the benefits director so that her bonus has no influence

D. Refuse the bonus metric and ask that HR leaders be excluded from all future cost-reduction goals

272. A CHRO is drafting a single disability inclusion policy for a company with operations in 30 countries. Legal counsel suggests anchoring the policy's principles in the UN Convention on the Rights of Persons with Disabilities (CRPD). Why is the CRPD relevant to this policy?

A. It sets a single global hiring quota that each ratifying country must apply to private employers of every size

B. Most countries have ratified it, and its principles, such as reasonable accommodation, shape many national laws

C. It replaces national disability laws in ratifying countries, so local compliance reviews are no longer necessary

D. The United States has ratified it, so it creates enforceable employment duties for U.S. employers in every country

273. A benefits director is mapping which programs create COBRA obligations. Which statement is accurate?

A. COBRA applies to group life and disability coverage in addition to group health plans.

B. Dental and vision plans are subject to COBRA, but health FSAs and EAPs are always exempt from it.

C. Dental, vision, health FSAs and EAPs offering counseling are group health plans under COBRA.

D. Only major medical plans are subject to COBRA, so dental, vision and FSAs are excluded.

274. A general contractor's site manager tells the CHRO that injuries to subcontractor workers are not the company's problem because the subcontractors employ them. The general contractor controls the site schedule and safety rules. What is the BEST response?

A. Explain that a controlling employer can be cited if it fails to use reasonable care to prevent hazards.

B. Agree, but require all subcontractors to carry extra insurance to cover the company's exposure.

C. Explain that the company must provide all safety training, equipment and medical surveillance for subcontractor workers.

D. Agree, since OSHA cites only the employer whose own employees are directly exposed to the hazard.

275. To support an inclusion business case, an HR analytics team finds that 40 employees from an underrepresented group left the company voluntarily last year. Their average salary was $80,000, and the company estimates replacement cost at 50% of annual salary. What was the estimated replacement cost of these exits?

A. $800,000

B. $1,600,000

C. $40,000

D. $3,200,000

276. Employees learn that a pilot in one division has been tracking keystrokes and application use without clear notice, and engagement in that division drops 15 points. What is the CHRO's BEST response?

A. Continue the pilot quietly, since employers may lawfully monitor company-owned systems.

B. Survey the division again in six months to see whether engagement scores recover on their own without any action.

C. Pause the pilot, explain its purpose openly, and set a policy on notice, scope and data use.

D. End all employee monitoring permanently, including the monitoring needed for data security.

277. Under the cybersecurity incident disclosure rule the SEC adopted in 2023, a public company discovers a ransomware attack that exposed employee payroll data. When must it file a Form 8-K describing the incident?

A. In its next quarterly report filed after the company determines the incident is material

B. Within four business days after the company determines that the incident is material

C. Within 72 hours after the company first discovers that the incident has occurred

D. Within four business days after the company first discovers that the incident occurred

278. A CHRO is proposing a high-performance work system for a growing manufacturer. Which description BEST captures what defines an HPWS?

A. A technology platform that automates routine HR transactions to improve efficiency

B. A single best-practice program, such as team-based incentive pay, adopted uniformly across every business unit

C. A system of close supervision and detailed metrics that tracks each employee's output

D. A bundle of mutually reinforcing practices in selection, training, involvement and incentives

279. In Charan's leadership pipeline model, a leader who has been managing managers is promoted to run an entire function and must learn to value and work with other functions. Which passage is this?

A. The move from managing others to managing managers

B. The move from functional manager to business manager

C. The move from business manager to group manager overseeing several units

D. The move from managing managers to functional manager

280. A company sponsors a self-funded health plan, and a three-person HR team handles both benefits administration and employee relations investigations. Which HIPAA safeguard is most important in this structure?

A. Rely on the TPA's HIPAA program, since a self-funded plan sponsor has no PHI duties.

B. Store plan PHI in personnel files with a restricted-access label so that only the HR team can view it.

C. Obtain employee consent forms so HR can use plan PHI for employment-related decisions.

D. Limit plan PHI to named staff for plan administration and keep it out of employment decisions.

281. The CEO of a financial services firm asks the CHRO to roll out innovation training to all managers. An organizational analysis shows that managers whose pilot projects fail are routinely passed over for promotion and bonuses. What is the BEST advice from the CHRO?

A. Limit the training to high-potential managers, since they are less affected by bonus consequences.

B. Add a resilience module so managers learn to cope with the career risk that comes with failed pilot projects.

C. Explain that training alone fails while failure is punished, and pair it with changes to those practices.

D. Launch the training quickly so managers learn the methods, then measure innovation output in a year.

282. Two years after launching a new appraisal system, a CHRO wants to know whether its ratings are valid. Which evidence BEST answers that question?

A. Whether managers completed their reviews on time and fully documented each employee's goals

B. Whether employees and managers report high satisfaction with the new system in the annual survey

C. Whether the distribution of ratings across all rating categories follows a normal bell curve in each of the company's business units

D. Whether ratings correlate with objective outcomes and predict later performance, promotion and retention

283. A CHRO creates a strategy map for the executive team, linking new analytics skills for sales staff to faster proposals, higher client retention and revenue growth. What is the main purpose of a strategy map?

A. To show visually how objectives across perspectives drive financial results

B. To plot market share against growth so that business units can be prioritized

C. To rank HR metrics by cost so that executives can judge the function's efficiency

D. To chart reporting lines so that each strategic goal has a clearly named owner

284. The CEO of a multidivision company wants to centralize HR transactions into a shared services center. Division presidents fear that service will decline and they will lose control. What is the BEST approach for the CHRO?

A. Proceed with the CEO's mandate as written and address complaints after the center stabilizes

B. Delay centralization until every division president formally approves the plan

C. Involve division leaders in designing service levels and governance before transition

D. Let each division decide whether to join the center based on its own needs

285. A company buys the assets of a competitor, keeps its workforce, location and operations, and continues the business under the same name. Former employees later sue over unpaid overtime that occurred before the sale. What is the acquirer's likely exposure?

A. None, since an asset purchase transfers the assets but never transfers the seller's liabilities.

B. Liability arises only if the DOL had issued findings against the seller before the sale closed.

C. Liability arises only if the purchase agreement expressly assumed the seller's pending and future wage-hour claims.

D. Many federal courts may hold it liable as a successor because of substantial continuity of the business.

286. What should be the PRIMARY basis for prioritizing initiatives on a three-year HR technology roadmap?

A. The new features announced on the current vendor's product roadmap

B. Requests from HR teams, ranked by how often each one is submitted

C. The technologies most commonly adopted by peer companies in the industry

D. The business strategy and the workforce priorities that support it

287. How must a U.S. private-sector employer account for the retiree health benefits it has promised to current employees?

A. Disclose the promise in footnotes only, since retiree health is not a liability until retirement.

B. Accrue the expected cost as a liability over employees' working years under OPEB accounting rules.

C. Record the cost as an expense only when the retirees' claims are actually paid in each future year.

D. Fund the full obligation in a trust before the employees retire, as required under ERISA rules.

288. A company is deciding whether to adjust pay by geography for remote hires. Which trade-off is MOST central to the decision?

A. Higher legal risk from paying different amounts versus easier recruiting in high-cost areas

B. Lower labor costs in cheaper areas versus perceived unfairness and added complexity

C. Simpler payroll processing versus less ability to hire in any location

D. Lower turnover among remote employees versus higher costs for office-based employees

289. HR wants to test whether a new financial wellness benefit reduces turnover, but leaders object that randomly withholding it from a control group is unfair. Capacity allows only half of eligible employees to enroll in the first year anyway. What should the CHRO propose?

A. Let employees volunteer, then compare enrollees with those who chose not to.

B. A waitlist design that randomly sets who starts now, with access for all later.

C. Give it first to the units that have the highest turnover, then compare them.

D. Offer it to everyone at once, and compare turnover with the prior year's turnover rate.

290. At a logistics company, some managers have begun using engagement survey results in performance reviews, criticizing team members whose scores fell. Survey participation has dropped from 80% to 45%. What is the BEST response from the CHRO?

A. Stop sharing survey results with managers so that employees can no longer be criticized for their responses.

B. Discontinue the engagement survey and rely on exit interviews to understand employee concerns instead.

C. Reposition the survey as a manager development tool, separate from reviews, and train on action planning.

D. Raise the minimum group size for reports so that managers can no longer identify how any individual responded.

291. A sudden collapse in demand could last 3, 9 or 18 months, and the CEO wants to avoid both overreacting and acting too late. How should the CHRO structure workforce planning?

A. Wait until demand data show which scenario is unfolding, then build the plan

B. Plan for the 9-month case as the most likely and adjust only if it proves wrong

C. Build a staffing plan for each scenario with clear triggers for moving between them

D. Plan for the 18-month case now, since one deep cut avoids repeated rounds of later cuts

292. A mid-market hotel chain is trying to match budget chains on price and luxury brands on amenities, and its margins and identity are both eroding. Which risk did Porter describe for this situation?

A. Being the cost leader, which invites price wars that erode industry profits

B. Being overfocused, with a niche too narrow to achieve economies of scale

C. Being stuck in the middle, with no clear cost or differentiation advantage

D. Being a differentiator, which forces price cuts as rivals imitate features

293. An employee at a company's Southeast Asian subsidiary reports that local managers paid bribes to government officials to win permits. Local law offers whistleblowers far weaker protection than the company's global policy. How should the CHRO respond?

A. Apply the global non-retaliation policy, protect the reporter, and ensure central oversight of the inquiry

B. Transfer the reporter to another country right away so that local managers cannot retaliate

C. Have the subsidiary's general manager lead the investigation, since he understands local business practices best

D. Apply only the local legal protections, since the employee works under the laws of that country

294. A company is cutting 800 jobs, mainly because of declining demand. The CEO wants the press release to say the cuts are due to AI efficiencies because investors respond well to AI stories. What should the CHRO advise?

A. Cite AI as the reason, since investors and the media now expect companies to describe AI-driven efficiency gains

B. Cite AI in the external release but give employees a different explanation in the internal memo

C. State the real business reasons consistently, since an inaccurate AI rationale creates trust and legal risk

D. Avoid giving any reason for the cuts so that the company cannot be challenged on its explanation

295. HR proposes a $200,000 investment in a scheduling system that is expected to save $120,000 at the end of each of the next two years. The company discounts projects at 8%. What is the project's net present value (NPV)?

A. Positive, about $6,000

B. Positive, about $22,000

C. Positive, about $40,000

D. Positive, about $14,000

296. A company's mediation program handles 50 disputes a year at a total program cost of $300,000. Of these, 70% settle, and each settlement avoids an estimated $40,000 in litigation and related costs. What is the program's ROI?

A. 466.7%

B. 78.6%

C. 366.7%

D. 566.7%

297. A CHRO's business case for a flexible-work program includes clear cost savings and several benefits, such as improved employer brand and collaboration, that cannot be converted to money credibly. How should those benefits be handled?

A. Include them in the ROI using estimates of value from the executive team

B. Assign conservative dollar values so all benefits appear in the ROI figure

C. Report them separately as intangible benefits, with any supporting evidence

D. Leave them out of the business case entirely because they cannot be measured

298. A U.S. company uses an employer of record (EOR) to hire sales staff in a foreign country where it has no entity. The staff regularly negotiate and sign customer contracts for the company. What is the main tax risk?

A. The EOR may be required to withhold U.S. federal income tax from the staff members' local pay

B. The company may lose its U.S. deduction for wages paid through the EOR to the foreign staff

C. The staff may be treated as independent contractors and owe self-employment tax in that country

D. The company may be found to have a permanent establishment and owe tax on local profits

299. Exit interview data show that regretted departures in the division led by the executive vice president of operations are triple the company average, and many departing employees cite the EVP's leadership style. The CEO relies heavily on the EVP. How should the CHRO handle the findings?

A. Hold the findings until a full 360-degree assessment of the EVP independently confirms the pattern.

B. Give the findings to the CEO alone and let the CEO decide whether the EVP should ever see them.

C. Share the departing employees' verbatim comments with the EVP so the EVP hears the impact directly.

D. Brief the CEO and the EVP on the pattern with aggregate data and costs, protecting individuals.

300. An activist investor has taken a stake in the company and publicly argued that its SG&A expenses are well above peers. The CEO asks the CHRO to prepare HR's response before the next board meeting. What should the CHRO do?

A. Offer an immediate 15% cut in HR staff to show the board the function's responsiveness.

B. Defer to the CFO and avoid engaging, since activists focus on financial matters.

C. Prepare messaging explaining why the company's HR costs cannot be reduced further.

D. Benchmark HR and workforce costs and build a value-based efficiency plan proactively.

301. A multinational wants HR policies that keep consistent global standards while meeting local legal and cultural needs. Which policy design BEST achieves this?

A. Apply one global policy manual everywhere, translated word for word into each local language as needed.

B. Adopt the policies of the largest subsidiary as the standard for the whole company.

C. Set mandatory global principles and minimums, and let countries adapt details within them.

D. Let each country write its own policies and report them to headquarters once a year.

302. An employee files a detailed complaint alleging that the company's chief financial officer pressured staff to alter expense records and made sexual remarks to subordinates. The CFO reports to the CEO, who is a close friend. What should the CHRO do FIRST?

A. Notify the board chair or audit committee and arrange an independent outside investigation that reports to the board.

B. Inform the CEO and ask the CEO to decide how the company will investigate the CFO's conduct and any next steps.

C. Place the CFO on paid leave and announce the investigation to all employees to show the company's commitment.

D. Assign a senior HR investigator to conduct the inquiry and report findings directly to the CHRO and the general counsel.

303. A unionized manufacturer is steadily losing market share to nonunion competitors with lower costs and more flexible work rules. The collective bargaining agreement expires in 18 months. What is the CHRO's BEST long-term approach?

A. Encourage employees to file a petition to decertify the union before talks.

B. Prepare to move production to a nonunion site to bring labor costs down.

C. Take a hard line in the next negotiation to win major wage, benefit and work rule cuts.

D. Build a joint labor-management effort focused on productivity and competitiveness.

304. An HR AI governance committee is assigning risk tiers to its 25 AI use cases to decide how much oversight each needs. Which basis for tiering is MOST appropriate?

A. How much each tool cost to license, implement and support across the whole organization

B. How advanced the underlying model is compared with other tools in use

C. How many employees use each tool on a typical day across the business

D. How much each tool affects employment decisions and the people subject to them

305. A retailer's scheduling policy requires all employees to work some Sundays, and it has denied religious accommodation requests by citing minor costs and coworker complaints. How does Groff v. DeJoy change its enforcement?

A. Denials now require substantial increased costs in the context of the business, after alternatives

B. Denials are justified whenever an accommodation causes any cost to the business above a minor amount

C. Denials are justified when coworkers object to the employee's religious beliefs or to the request itself

D. Denials are prohibited in all cases, so every request for a schedule change must be approved as made

306. In disparate impact litigation, which alternative selection practice is MOST legally significant for a plaintiff to identify?

A. One that the employer considered in the past but chose not to use, mainly for cost and scheduling reasons

B. One that serves the employer's needs about as well while causing less adverse impact

C. One that other employers in the same industry use for similar types of jobs

D. One that causes no adverse impact even though it predicts job performance poorly

307. Business leaders are proposing new uses of employee data, including analyzing collaboration-tool activity and predicting flight risk. No process exists to approve such uses, and employee concern about monitoring is rising. What should the CHRO establish?

A. A rule that any use is allowed if the data are already collected by company systems

B. A policy that bans all predictive models built on employee data from use in decisions

C. A cross-functional review of purpose, legality, fairness and transparency

D. An approval step in which the data owner confirms the data are accurate and complete

308. A competitor has hired away nearly all of a company's eight-person product team that built its fastest-growing offering. Counteroffers failed for most of them. What is the CHRO's BEST strategic response?

A. Focus on rehiring a replacement team as quickly as possible at any cost.

B. Raise pay for all remaining product and engineering staff to the 90th percentile of the market.

C. Require all engineering staff to accept retention bonuses with clawback terms.

D. Find out why the team left and reduce the company's dependence on small key groups.

309. An employer and union are considering a five-year agreement but neither side wants to lock in wage rates that far ahead. Which provision is designed to address this concern?

A. A zipper clause that bars any further bargaining on wages or benefits until the full agreement expires

B. A wage reopener that allows renegotiation of pay at a set point while the other terms remain fixed

C. A cost-of-living clause that sets all pay increases by a fixed formula for the whole term

D. An evergreen clause that renews the existing wage terms each year unless one party objects

310. A company's three coastal distribution centers have faced repeated shutdowns from hurricanes and flooding, and climate projections show the risk rising over the next decade. What workforce strategy should the CHRO lead?

A. Buy more business interruption insurance to cover lost productivity from closures

B. Build cross-site staffing, remote options, and employee support into continuity planning

C. Update evacuation procedures at each center and repeat emergency drills before storm season

D. Relocate all three centers inland within a year to remove the exposure entirely

311. During a global talent review, leaders in two regions rate far more of their people as high potentials than other regions do, crowding the global succession slate with their candidates. What should the CHRO do?

A. Have corporate HR re-rate every candidate centrally without regional leader input.

B. Accept the ratings as submitted, since regional leaders know their own people best.

C. Hold cross-regional calibration sessions using shared criteria and evidence for each rating.

D. Apply a fixed quota of high potentials to each region based on its share of total global headcount.

312. Two survey cycles have passed with no visible action on the results, and participation has fallen from 78% to 58%. The executive team wants to add incentives for completing the next survey. What should the CHRO propose?

A. Offer a prize drawing for survey completion, since participation has to recover before results can be acted on.

B. Send managers detailed team reports and require each one to submit a standard action plan template to HR within 30 days.

C. Skip the next survey cycle so that employees have a full year to recover from fatigue before being asked again.

D. Have executives commit to a few visible priorities with owners and timelines, and report progress before the next cycle.

313. The board of a 6,000-employee services firm has set a target of reducing labor cost from 36% to 32% of revenue within three years. Revenue is projected to grow about 5% per year. What is the BEST way for the CHRO to design the path to the target?

A. Cut headcount by about 11% in the first year so the ratio target is reached as quickly as possible.

B. Model revenue growth, productivity and workforce mix levers and phase actions over three years.

C. Freeze all pay increases for three years and let revenue growth close the remaining gap.

D. Ask the board to reset the target, since labor cost ratios differ widely across industries.

314. Sales and operations at a manufacturer have clashed for years over delivery promises. Two rounds of conflict-resolution training produced no lasting change. What is the MOST likely root cause the CHRO should address?

A. A lack of social events that build relationships across departments

B. Goals, metrics and rewards that set the two functions against each other

C. Insufficient conflict-management skill among frontline supervisors

D. Personality differences and poor chemistry between the current sales and operations leaders

315. A company's new strategy depends on cross-functional collaboration, but the CEO often overrules team decisions in public and praises individual heroics. Engagement survey comments cite this behavior as a reason collaboration is not taking hold. What should the CHRO do?

A. Raise the concern with the board chair before discussing it directly with the CEO.

B. Launch a company-wide collaboration training program that includes the executive team.

C. Privately show the CEO the evidence and how the behavior is undermining the strategy.

D. Wait for the next 360-degree review cycle to give the CEO structured feedback.

316. A CHRO is designing an enterprise employee relations model that offers voluntary mediation as an early-resolution option. In which situation is mediation the poorest fit?

A. A dispute between two peers over credit for work on a shared project

B. A conflict between a manager and an employee over how flexible schedules are approved

C. A complaint that a senior leader sexually harassed a junior employee in his unit

D. A disagreement between two departments about sharing support staff during peak season

317. In scenario-based workforce planning, what is a no-regret move?

A. An action that produces value in every scenario, regardless of which future occurs

B. An action that the organization can easily reverse if the chosen scenario fails to occur

C. An action that leaders have unanimously agreed to take after reviewing the scenarios

D. An action whose cost is small enough that the organization can absorb it if it fails

318. Team-based quality circles at the company's Japanese subsidiary have sharply reduced defects. The CEO wants to roll them out next year at plants in the United States, Brazil and Germany. What should the CHRO do FIRST?

A. Survey each site's interest, and launch first wherever the scores are highest.

B. Roll out the practice exactly as designed so that the proven results are preserved.

C. Have Japanese managers train each site, since they understand the practice and its design best.

D. Assess cultural, labor relations and management fit at each site, then adapt and pilot.

319. A board member asks why the company's engagement score cannot be compared directly with scores from peer companies that use other survey vendors. What is the BEST explanation?

A. The scores differ only in scale, and converting each one to a percentage would fix the gap.

B. Engagement is too subjective a concept to be measured reliably by any employee survey.

C. Vendors define and measure engagement differently, so scores reflect different constructs.

D. Peer companies keep their scores confidential, so their published results cannot be verified.

320. HR and corporate communications both send messages to employees, and staff complain about conflicting dates, duplicate emails and announcements arriving out of order. What is the PRIMARY benefit of a shared editorial calendar with defined approval roles?

A. It coordinates timing and ownership so employees get consistent, well-sequenced messages

B. It moves final approval for all employee messages to the CEO's office to ensure alignment

C. It cuts the number of channels the company uses by merging HR and communications content

D. It lets each function publish on its own schedule while keeping a record of what went out

321. A low-cost retailer competes primarily on price under Porter's cost-leadership strategy. Which set of HR practices is MOST consistent with this strategy?

A. Broad job roles, long-term pay at risk and heavy investment in creative skill-building

B. Narrowly defined jobs, efficiency-focused training and pay set near the market median

C. Extensive cross-functional rotation and protected time for employees to experiment

D. Pay set well above market to attract and keep scarce, highly innovative talent

322. The CEO has announced a digital transformation, but the CHRO learns that several members of the executive team privately oppose it and are telling their teams to wait it out. The rollout is scheduled to begin next quarter. What should the CHRO prioritize FIRST?

A. Begin the rollout on schedule in units led by supportive executives to build early momentum and visible wins.

B. Add transformation milestones to each executive's performance goals so they are held accountable.

C. Work with the CEO to surface and resolve the executives' objections so the team commits to a shared plan.

D. Launch a communication campaign to employees explaining the case for change and the planned timeline.

323. After a merger, one legacy company scores high on autonomy items and low on process clarity, while the other shows the reverse. What is the BEST integration approach for the CHRO?

A. Average the two companies' scores and set enterprise targets so both groups improve toward the same midpoint.

B. Allow each legacy group to keep its own practices indefinitely to protect engagement during the integration period.

C. Adopt the practices of the legacy company with the higher overall engagement score and roll them out across the combined organization.

D. Treat the gap as a cultural difference to manage deliberately, defining which ways of working the combined company will keep.

324. Senior executives are split on remote work: the COO wants mostly on-site work, while the CTO wants remote-first. Each cites personal experience, and the debate has stalled for months. How should the CHRO structure the decision?

A. Survey all employees and adopt whichever remote-work policy receives the highest level of support in the results

B. Let each executive set the policy for their own function so the disagreement no longer needs resolution

C. Recommend a middle-ground hybrid policy at once so both executives get part of what they each wanted

D. Agree on decision criteria first, then gather data on productivity, retention and hiring to compare the options

325. A company is expanding into several jurisdictions with broad whistleblower protections that go beyond federal law. The CHRO wants ER practices that work enterprise-wide. What is the BEST approach?

A. Wait until a whistleblower claim arises in a new jurisdiction before deciding whether to change practices.

B. Require employees to report concerns internally first before contacting any outside government agency.

C. Adopt the most protective standards as a company-wide floor for reporting and anti-retaliation.

D. Apply the stronger protections only in the new jurisdictions and keep existing practices everywhere else.

326. Several disputes among senior executives have needed outside help, and each time the general counsel picked a mediator ad hoc. The CHRO wants a standing roster of external neutrals. Which selection criteria are MOST important?

A. Prior work as the company's own outside counsel, so the mediator already understands the business

B. Independence, conflict checks, relevant expertise and confidentiality, with selection no party controls

C. Lowest hourly rate and fastest availability, so disputes can be resolved quickly and at minimal cost

D. Recommendations from the CEO, since the CEO is best placed to judge who can handle disputes among senior executives

327. Ulrich's "HR from the outside in" perspective holds that HR's value is BEST judged by which of the following?

A. How closely HR practices match leading industry benchmarks

B. Its impact on customers, investors and communities

C. The efficiency and quality of HR's own programs and services

D. Employee satisfaction with HR policies and service delivery

328. A CHRO is reviewing the company's standard offer letter, which includes confidentiality and nondisparagement clauses that new hires sign before any dispute arises. What is the effect of the Speak Out Act of 2022 on these clauses?

A. It prohibits employers from requiring predispute arbitration of sexual harassment and sexual assault claims.

B. It voids all nondisparagement clauses, regardless of the type of claim or when they were signed.

C. It makes them unenforceable in later disputes involving sexual harassment or sexual assault allegations.

D. It bars confidentiality terms in any settlement reached after a sexual harassment claim is filed.

329. An acquirer will staff a purchased union plant by hiring from the seller's workforce and outside applicants. Which principle should govern the hiring criteria?

A. Use job-related criteria applied consistently, because refusing to hire predecessor employees to avoid the union is unlawful.

B. Hire all of the seller's employees on their current terms, since a successor must assume the seller's labor agreement.

C. Give preference to applicants who say they do not support the union, since a new employer has no bargaining duty yet.

D. Limit hiring of the seller's employees to fewer than half of the workforce, which lawfully avoids any duty to recognize or bargain with the union.

330. Six months after cutting 15% of staff, a company sees remaining employees avoiding risks, voluntary turnover among top performers rising, and engagement scores falling. Leaders have said little since the announcement. What should the CHRO recommend as the strategic repair?

A. Explain the rationale and future direction openly, then involve survivors in redesigning work

B. Coach managers to remind employees how fortunate they are to have kept their positions

C. Give every remaining employee a retention bonus to encourage them to stay through the coming year

D. Hold a company celebration to mark a fresh start and lift morale across the organization

331. A CHRO plans to hold development conversations in the spring and compensation discussions in the fall. What is the main rationale, and the main risk?

A. It keeps pay decisions confidential from managers, but managers lose their influence over employees' raises.

B. It allows pay to be set by formula only, but employees may feel their development goals are being ignored.

C. It keeps pay concerns from crowding out development talk, but employees may see pay as less tied to performance.

D. It lowers the total time managers spend in reviews, but it increases the company's legal exposure on pay decisions.

332. A leadership team has two subgroups: three long-tenured, older engineers from headquarters and three recently hired, younger marketers from an acquired company. Disagreements now routinely split along those lines. What does fault-line research suggest about this team?

A. Alignment of several attributes creates distinct subgroups, which raises relationship conflict and limits sharing

B. Teams with balanced subgroups of equal size tend to have the least conflict and the best information flow across members

C. Differences in age alone drive the conflict, so mixing ages across project assignments will resolve it

D. Diversity of functions and tenure generally lowers conflict, so the split is likely a temporary phase

333. How can introducing AI monitoring of employees breach their psychological contract?

A. It can violate unwritten expectations of trust and autonomy employees believed were part of the deal

B. It can violate the employer's legal duty to give notice before any change to employees' duties

C. It can violate the NLRA, which bars any monitoring that employees did not approve in advance

D. It can violate written employment contracts unless monitoring is expressly listed in each individual agreement

334. A dispute between an employee and her manager over a denied promotion has gone viral after she posted about it on social media, and customers are commenting. The CEO wants a public statement defending the manager. What is the CHRO's BEST strategy?

A. Ask the employee to remove the post as a condition of having her concerns reviewed by HR

B. Review the dispute promptly, keep public comment brief, and take no action against protected posts

C. Issue a detailed statement explaining the promotion decision so the public can see the company was fair

D. Discipline the employee for disclosing internal matters publicly in violation of the conduct policy

335. Which approach BEST measures the return on an international assignment?

A. Survey the assignee on satisfaction with relocation support, pay and allowances.

B. Track whether the assignee completes the full planned term of the assignment abroad without an early return.

C. Compare the assignment's cost with the salary of a local hire in the same role.

D. Compare total assignment cost with the objectives set at the start and the results achieved.

336. After a retailer moved most customer service to AI agents, complaints rose sharply, and frontline staff say customers and managers blame them for the AI's errors. Morale in the contact centers is falling. What messaging should the CHRO shape?

A. Ask managers to coach staff on handling complaints and remind them to stay positive about the tools.

B. Tell staff to remind customers politely that the AI system, not the employee, is responsible for the error.

C. Leaders publicly own the rollout's problems, recognize staff, and explain fixes and escalation paths.

D. Keep messages focused on customers and avoid internal statements until the complaint rate goes down.

337. A publicly traded insurer will announce a merger next week. The deal must reach employees, customers, investors and state regulators, and employee rumors are already spreading. What should the CHRO ensure?

A. A detailed briefing to all employees several days before the public release, so staff hear the news before the market.

B. One core narrative agreed with legal and communications, with employees hearing it at the time of public release.

C. Separate messages crafted by each function for its own audience, so every group gets content tailored to its interests.

D. A delay in employee communication until regulators approve the deal, so nothing said has to be revised or withdrawn.

338. A CHRO is assessing the maturity of the company's workforce planning process. Which observation is the strongest sign of a mature process?

A. HR produces a detailed workforce plan each spring after business budgets have been approved

B. Each department maintains its own staffing spreadsheet that HR consolidates once a year

C. Capability and headcount needs are built into business plans and budgets as they are developed

D. Workforce planning is led by talent acquisition and focuses mainly on filling the current open requisitions

339. The CEO of a 5,000-employee company is about to announce the third new vision statement in five years. In private, several executives call it 'this year's slogan.' The CEO asks the CHRO how to make this vision stick. What should the CHRO recommend?

A. Involve executives in refining it and link it to visible decisions, goals and measures

B. Ask each executive to sign a written pledge to champion the vision with their teams

C. Delay any new vision until the next CEO succession to avoid more change fatigue

D. Launch a high-profile campaign with new branding and events to signal a fresh start for everyone

340. A food-processing company with 20 sites learns that a large share of its frontline workforce has limited reading skills, and recent safety incidents followed changes that were announced only in written memos. Open enrollment for a redesigned benefits plan is two months away. What should the CHRO recommend to the executive team?

A. Require employees to sign that they have read and understood each memo before starting their shift

B. Offer voluntary literacy classes and keep written memos as the main channel for now

C. Rewrite the written memos at a lower reading level and post them at every site

D. Invest in visual, audio and in-person channels for critical safety and benefits messages

341. In Harzing's typology of expatriate roles, which type is primarily responsible for weaving informal communication networks between headquarters and subsidiaries, rather than direct supervision or socializing local staff into corporate values?

A. Bears

B. Spiders

C. Bumblebees

D. Anchors

342. A CHRO proposes that a multistate employer stop asking about or using salary history in offers nationwide, not just where state law requires it. Recruiting leaders worry about losing negotiating leverage. Which argument is MOST persuasive to the CFO?

A. One national practice removes a known source of pay gaps and EPA defense risk while simplifying compliance.

B. One national practice will remove all pay equity risk, since gaps arise only from salary history.

C. One national practice will lower starting salaries, since candidates can no longer anchor their demands on past pay.

D. One national practice is required by federal law, since the EPA now bans salary history questions.

343. A global consumer products company places R&D in one country, manufacturing in another, and customer service in a third. Which statement BEST explains this dispersion and the main HR challenge it creates?

A. Dispersion is mainly a way to avoid corporate income tax, which requires HR to minimize headcount in high-tax countries.

B. Dispersion lets the firm apply one global employment contract, which requires HR to override local labor law where it conflicts.

C. Each activity sits where its talent, inputs, or markets are most favorable, so HR must coordinate across many legal systems.

D. Activities are spread out mainly to lower currency risk, which requires HR to pay all employees in the parent's home currency.

344. A company receives five OSHA citations at one site. The CEO wants to contest every citation on principle to send a message to regulators. What should the CHRO advise?

A. Review each item with counsel and request an informal conference within the 15-working-day window.

B. Contest all five citations, since contesting automatically removes them from the company's record.

C. Pay all penalties quickly, since any challenge increases the chance of a repeat citation later.

D. Wait for OSHA's final penalty notice before deciding which citations, if any, to contest.

345. According to research on age-diverse teams, under which conditions is age diversity MOST likely to improve team performance?

A. When an age-inclusive climate and complex tasks let members share and use their different knowledge.

B. When the team performs routine tasks that require little information sharing among its members.

C. When the oldest member serves as team leader so that younger members can learn from that experience.

D. When members are grouped into age-matched subteams that each handle a separate part of the work.

346. A scheduling pilot cut labor costs 8% but lowered engagement 10 points. Before it began, the executive team agreed that any change must save at least 5% without lowering engagement more than 3 points. How should the CHRO frame the decision?

A. Reset the decision criteria now that the actual pilot results are known to the team.

B. Apply the agreed criteria, which the pilot fails, and explore ways to limit the engagement loss.

C. Recommend scaling the program, since the cost savings exceeded the agreed 5% savings target.

D. Report both results without a recommendation, and let each executive weigh the trade-off however they choose.

347. A vendor validated its AI screening model and found no adverse impact before launch. Two years later, the applicant pool and job requirements have changed. Why should the CHRO require periodic adverse impact monitoring?

A. Models can drift as data and applicant pools change, so a tool fair at launch may develop adverse impact later.

B. Federal law requires employers to revalidate every selection tool every year, whether or not the tool has changed.

C. Monitoring shifts liability to the vendor, since it proves the company relied on the vendor's original validation.

D. Validation results expire after two years under Title VII, so the tool cannot legally be used without a new study.

348. During a talent review, a CEO says that formal recognition is unnecessary for the senior leadership team because its members already receive large long-term incentive grants. What is the BEST response from the CHRO?

A. Propose adding cash spot awards for executives so they receive recognition in a form they value most.

B. Note that symbolic recognition meets needs pay does not, such as feeling valued, and aids retention.

C. Agree, since recognizing executives may appear self-serving to the workforce and to company shareholders.

D. Agree, since executives are motivated mainly by financial rewards and symbolic gestures carry little weight.

349. A newly formed executive team includes leaders from five countries. Some expect decisions to be made by the CEO after brief input, while others expect lengthy discussion until everyone agrees, and meetings often end in frustration without clear outcomes. What should the CHRO do?

A. Facilitate the team in agreeing explicit norms, such as decision rights and how each decision is made

B. Ask the CEO to make all decisions alone so that every meeting ends with a clear and quick outcome

C. Require consensus on every decision so that no executive feels their cultural style was ignored

D. Arrange individual cross-cultural coaching for the executives whose decision style differs from the CEO's

350. In Nahavandi and Malekzadeh's model of acculturation in mergers, which mode involves both firms keeping core elements of their cultures while adapting to each other, and is possible only when the acquirer tolerates multiple cultures?

A. Deculturation

B. Separation

C. Assimilation

D. Integration

351. Under the NLRB's Dubuque Packing test, when is a decision to relocate bargaining unit work a mandatory subject of bargaining?

A. When the move is not a basic change in operations, unless labor costs were not a factor or the union could not offer enough concessions.

B. When the move involves more than 50 employees, regardless of the reasons for the decision or the type of work involved.

C. When the move is to a nonunion facility, since relocations to another union facility are covered only by effects bargaining.

D. When the move is a basic change in the nature of operations, unless the employer can show the move was driven by labor costs rather than other factors.

352. A CHRO writes a board memo that opens with the recommendation, follows with three grouped supporting arguments, and places the detailed data under each argument. Which communication framework is the CHRO using?

A. Monroe's motivated sequence

B. Problem-agitate-solve formula

C. SBI feedback model

D. Minto pyramid principle

353. A company launching an enterprise social network asks the CHRO to approve its moderation rules. One draft rule says posts that "criticize management, pay, or company policies" will be removed. What should the CHRO recommend?

A. Keep the rule, since the company owns the platform and can set any content standards.

B. Replace the rule with one requiring employees to raise all complaints privately through HR instead of posting.

C. Keep the rule but apply it only to posts with profanity or a negative tone toward leaders.

D. Drop that rule and focus moderation on harassment, threats, and confidential business data.

354. A worker died in a forklift accident at a distribution center. OSHA has opened an inspection, and employees are angry, saying they reported the hazard months ago. Beyond meeting legal reporting duties, what approach should the CHRO champion to rebuild trust with regulators and employees?

A. Offer site employees a special one-time bonus and extra paid time off to recognize the stress of the event

B. Replace the site's leadership team right away to show employees the company is taking action

C. Cooperate openly with OSHA, share root-cause findings and involve employees in the corrective actions

D. Limit all statements to approved legal language until OSHA closes the inspection months from now

355. Three months after the launch of a new performance management platform sponsored by the CEO, two senior vice presidents are openly criticizing it to their teams. Completion rates in their divisions lag far behind the rest of the company. What is the CHRO's BEST action?

A. Meet privately with the VPs, with the CEO's backing, to hear concerns and agree on visible accountability.

B. Publish completion rates by division company-wide so that peer pressure pushes the two divisions to comply.

C. Have HR business partners run extra training sessions for employees in the two lagging divisions.

D. Exempt the two divisions for this cycle to avoid conflict, and revisit adoption with them next year.

356. A company's five-year strategy depends on building an AI product line, and qualified machine-learning engineers are scarce in its labor markets. Which metric would BEST signal to the executive team that the strategy is at risk?

A. Average time-to-fill for all technical requisitions across every business unit

B. Overall voluntary turnover rate across the enterprise

C. Regretted turnover rate among high-performing AI engineers

D. Engineering headcount compared with the annual budget

357. A company plans to use an AI screening tool to rank candidates for jobs based in New York City, and the tool's bias audit is complete. The CHRO is planning candidate communications. What does NYC Local Law 144 require?

A. Notify NYC-resident candidates at least 30 calendar days before use and get written consent

B. Notify NYC-resident candidates at least 5 business days before use of the tool and its criteria

C. Notify NYC-resident candidates within 10 business days after the tool has scored and ranked their applications

D. Notify NYC-resident candidates at least 10 business days before use of the tool and its criteria

358. A manufacturer that has always made one product line is acquiring companies in insurance, logistics and consumer electronics. According to Chandler's thesis that structure follows strategy, which structural shift should senior leaders expect?

A. A move toward a global matrix with dual reporting for every manager

B. A move toward a network structure that outsources most core functions

C. A move toward a multidivisional structure with business-unit divisions

D. A move toward a more centralized functional structure run from headquarters

359. During an organizing campaign at a 2,000-employee company, the communication plan routes most messages through front-line supervisors rather than corporate executives. Why?

A. Supervisors are part of the bargaining unit and may vote in it

B. Supervisors can make promises about pay that executives cannot

C. Employees tend to trust the supervisors they work with every day

D. Supervisors are the only managers allowed by law to talk to staff

360. A CHRO wants to forecast which capabilities the company will need in ten years. She asks a panel of experts for anonymous written forecasts, shares a summary of the responses, and repeats the process over several rounds until views converge. Which technique is she using?

A. Scenario planning

B. Delphi technique

C. Nominal group technique

D. Brainstorming

361. A bias audit of an automated employment decision tool used to screen applicants shows that Hispanic applicants pass at 62% of the rate of the highest-passing group. The tool is used for 20,000 applicants a year. What should the CHRO do FIRST?

A. Publish the audit results and continue using the tool with a note on its limitations

B. Continue using the tool while the vendor looks into the result over the next quarter

C. Lower the passing score for Hispanic applicants until the selection rates are equal

D. Pause or modify use of the tool, investigate the cause and involve legal counsel

362. In a sales-coaching pilot, the coached group averaged 78 on a performance index and a comparable control group averaged 72. The pooled standard deviation is 12. What is Cohen's d, and how is it usually interpreted?

A. 0.25, a small effect

B. 0.50, a medium effect

C. 6.00, a large effect

D. 2.00, a very large effect

363. Under Title VII, which statement about the bona fide occupational qualification (BFOQ) defense is accurate?

A. It can apply to sex whenever most of an employer's customers prefer employees of one sex for personal comfort.

B. It can apply to race or color in narrow cases, such as casting actors, but never to religion or national origin.

C. It can apply to any protected class, including race, when an employer can show strong, consistent customer preference.

D. It covers only religion, sex or national origin, never race, and customer preference alone does not justify it.

364. A global union federation asks a multinational with operations in 30 countries to sign a global framework agreement on minimum labor standards. The CEO asks the CHRO for a recommendation. What should the CHRO do FIRST?

A. Assess the proposal with regional leaders and counsel, focusing on scope, monitoring and dispute terms and how it fits each country's law.

B. Decline the proposal, since global framework agreements can be enforced in the national courts of every country that the company operates in.

C. Sign the agreement quickly to head off a public campaign, then work out its scope and monitoring terms with the federation afterward.

D. Refer the proposal to the US union that represents company workers, since a global federation has no standing to negotiate with employers.

365. A national manufacturer plans to roll out a new points-based attendance policy at every facility, including a plant whose agreement is silent on attendance. Why must the company bargain with the union before implementing the policy at that plant?

A. Attendance rules tied to discipline are a mandatory subject, so a unilateral change risks an unfair labor practice.

B. Federal law requires 60 days' written notice to the union before any company-wide policy is changed.

C. Attendance policies are permissive subjects, so the union may veto them before they take effect on site.

D. Any new policy at a union site must first be approved by a majority of bargaining unit employees in a secret-ballot vote.

366. A pay regression of market rates on job evaluation points produces the line: market pay = $20,000 + $80 x points. The company sets each range midpoint at the line's predicted value. A job is evaluated at 500 points, and its current midpoint is $55,000. What should the new midpoint be?

A. $24,000

B. $60,000

C. $55,000

D. $40,000

367. A nonunion company with 9,000 employees has faced three costly discrimination lawsuits in two years. Each began as a supervisor dispute that employees said HR never resolved. The CEO asks the CHRO for a strategic proposal. What should the CHRO recommend?

A. Expand the HR investigations team so that every supervisor complaint receives a formal investigation.

B. Add mandatory anti-discrimination training for all supervisors and require an annual certification of completion.

C. Require all employees to sign mandatory arbitration agreements with class waivers to limit the company's future litigation costs.

D. Design a tiered conflict resolution system with open-door, ombuds, mediation and review options, tracked with metrics.

368. A parts shortage will idle one plant for six weeks, while a second plant 40 miles away is short-staffed and paying heavy overtime. Both plants are nonunion. What is the BEST approach?

A. Lay off the idle plant's workers for six weeks and hire temporary staff to cover the other plant.

B. Keep the idle workers at home on full pay to preserve goodwill and keep their skills within the company for later.

C. Order all idle workers to report to the second plant, since the work is available and fully paid.

D. Offer temporary transfers to the second plant with travel support, after checking training and pay needs.

369. A hospital system's spending on agency travel nurses has tripled in two years, and staff nurse turnover is 24%. Agency nurses cost about twice as much per hour as staff nurses. What should the CHRO's strategic plan focus on?

A. Negotiate lower bill rates with agencies as the main lever, since agency prices are the direct cause of the higher spend.

B. Cap agency nurse use at the level of two years ago, so that spending returns to the old budget within the next fiscal year.

C. Raise staff nurse pay to the agency hourly rate, since matching agency pay is the only way to keep nurses from leaving.

D. Address turnover and vacancy drivers, build an internal float pool with flexible schedules, and grow school pipelines.

370. A CHRO is presenting the business case for disability inclusion to the executive team. Which arguments are the STRONGEST?

A. Access to an underused talent pool, a large customer market and gains in innovation and problem-solving

B. Improved public relations, positive coverage in award lists and compliance with all disability laws

C. Eligibility for tax credits, lower health plan costs and a reduced need for workplace accommodations over time

D. Lower wage costs, higher productivity in all roles and fewer employee relations complaints overall

371. The CEO of a 900-employee professional services firm wants to adopt a well-known competitor's unlimited paid time off policy, saying it will help win talent. The firm bills by the hour, and its utilization targets are high. What is the CHRO's BEST counsel?

A. Reject the policy, since unlimited time off reliably leads employees to take less leave than they would under a fixed allotment.

B. Survey employees about the policy and adopt it if most of them are in favor, since it is meant to benefit them.

C. Examine whether the policy fits the firm's billing model and culture, and pilot or adapt it based on talent goals and data.

D. Adopt the policy as the competitor designed it, since matching a rival's benefits is the fastest way to win talent.

372. A leadership team practices structured dialogue in which members suspend their assumptions and think together so the group's collective insight exceeds that of any individual. Which of Senge's five disciplines does this represent?

A. Mental models

B. Team learning

C. Shared vision

D. Personal mastery

373. A multinational plans to roll out a cognitive and personality assessment, validated in the United States, for hiring in 14 countries. What is the BEST approach?

A. Translate the assessment into local languages and deploy it on the planned schedule

B. Validate the assessment locally and monitor adverse impact separately in each country

C. Let each country's HR team decide whether to use the assessment in its own hiring

D. Use the U.S. validation for all 14 countries, since the job requirements are the same in every location

374. Legal asks the CHRO to review the company's standard severance agreement. Why must it avoid language that keeps departing employees from reporting possible securities violations to the SEC?

A. The NLRA prohibits all confidentiality terms in severance agreements offered to any employee in any role.

B. The SEC voids an entire severance agreement if it contains any confidentiality clause at all, of any kind or scope whatsoever.

C. SEC Rule 21F-17 bars any action, including confidentiality terms, that impedes direct communication with the SEC.

D. OWBPA requires release agreements to state that employees may report concerns to the SEC to be valid.

375. Each business unit at a large company uses different background screening vendors and criteria. The result is inconsistent hiring decisions and a rise in candidate complaints. What should the CHRO do?

A. Apply the strictest unit's criteria to every role across the whole company going forward

B. Choose the lowest-cost vendor company-wide and let it make the adverse decisions

C. Set role-based screening standards and one central adjudication matrix

D. Keep unit-level control but have each unit document its own criteria every year

376. The CEO wants to announce a European restructuring, including site closures, at an investor day in three weeks. Several affected countries require information and consultation with employee representatives before decisions are final. What should the CHRO advise?

A. Announce the closures as final on schedule and begin the required consultation with representatives afterward.

B. Present any announcement as a proposal and build the required consultation into the timeline.

C. Announce the plan only to U.S. investors so that European obligations are not triggered.

D. Delay all external and internal communication until every consultation has fully ended.

377. Twice this year, employees learned about major company news (a facility closure and an acquisition) from news reports before hearing from leaders. Morale and trust scores have dropped. What should the CHRO establish?

A. A practice of sending employees links to press coverage soon after each announcement

B. A policy telling employees that leaks to the media will result in discipline or termination

C. A protocol to tell employees first or at the same time as the public, within legal limits

D. A rule that no company news will be released externally until after a town hall meeting

378. At a retail bank, aggressive account-opening goals led employees to open accounts without customers' consent. What is the BEST redesign the CHRO should lead?

A. Set realistic targets, balance volume with quality measures, and add audits, clawbacks and a protected hotline.

B. Require branch managers to sign quarterly statements certifying that their staff followed the bank's ethics code.

C. Remove all sales goals from branch staff evaluations and pay branch staff a flat salary with no variable pay.

D. Lower account-opening goals by half while leaving the incentive plan, metrics and reporting process unchanged.

379. A company's general counsel believes a union breached its collective bargaining agreement and wants to sue for damages. What statute and forum govern this suit?

A. Section 301 of the LMRA, in federal district court

B. Title I of the LMRDA, in the U.S. Department of Labor

C. Section 8(b)(3) of the NLRA, before the NLRB

D. Section 10(j) of the NLRA, in a federal appeals court

380. Which set of metrics would give a board the MOST balanced view of an ethics program on a dashboard?

A. Training completion rates, code acknowledgment rates, policy updates and the number of ethics staff.

B. Annual ethics budget, number of ethics communications sent and attendance at ethics events.

C. Report rates, substantiation rates, retaliation claims, case cycle time and culture survey scores.

D. Total helpline reports, number of investigations closed and total disciplinary terminations each year.

381. A general counsel worries that making pay adjustments after an equity audit will look like an admission of discrimination. Which principle should the CHRO use to support remediation?

A. Adjustments should be made by lowering higher earners' pay, which avoids raising total payroll.

B. Adjustments stop back pay from growing and support a good-faith defense against added damages.

C. Adjustments must be paired with a written admission, which is required to limit damages in court.

D. Adjustments prevent all claims for past pay once employees accept the higher rate going forward.

382. Before a culture diagnostic, an OD consultant explains to employees what the interviews cover, who will see the results, how responses will be aggregated and that participation is voluntary. Why is this informed consent important to the engagement?

A. It lets the consultant share named responses with executives who ask for them

B. It protects participants and builds the trust needed for candid, accurate data

C. It is required by federal law for any survey an employer gives its employees

D. It shifts all responsibility for the data from the consultant to the participants

383. Contract cleaning staff employed by a vendor report that several of the company's own employees make sexual comments and gestures toward them during night shifts. What enterprise response should the CHRO lead?

A. Refer the reports to the cleaning vendor, since the vendor employs the staff and is responsible for handling their complaints.

B. Investigate under company policy, discipline employees as warranted, coordinate with the vendor, and give contractors a reporting channel.

C. Remind all employees of the harassment policy in a general memo, since the contract staff are not covered by company policy.

D. Ask the vendor to assign different cleaners to night shifts so the affected staff no longer work in the same areas or hours as the employees.

384. Which description BEST defines a skills-based organization?

A. One that pays employees based on their seniority within narrowly defined jobs

B. One that hires only candidates who hold degrees or certifications relevant to the job

C. One that removes all job titles and manages every task through project teams

D. One that bases work and talent decisions on skills rather than fixed jobs

385. A CHRO is building a workforce dashboard and wants a measure that signals problems early, before they show up in workforce composition data. Which type of measure BEST serves as this leading indicator?

A. Representation of each group by job level at the end of the year

B. Survey-based inclusion scores on fairness and belonging

C. Workforce composition compared with external labor data

D. Hiring and exit counts for each group at the end of the year

386. Kotter and Schlesinger describe a continuum of change strategies running from fast, tightly planned, low-involvement approaches to slower, more participative ones. A company faces no immediate crisis, expects strong resistance, and needs information held by the affected employees. Where should its strategy fall on the continuum?

A. At the midpoint, because the model recommends balancing speed and involvement in all situations

B. Toward the fast end, because the initiators hold formal authority over the employees who are affected

C. Toward the fast end, because moving quickly gives resisters less time to organize effective opposition

D. Toward the slower, participative end, because resistance and needed information call for involvement

387. A home-care agency's leaders see that remote patient-monitoring devices may replace many routine in-person visits by aides. In Porter's five forces model, this development is an example of what?

A. Bargaining power of buyers

B. Threat of new entrants

C. Rivalry among competitors

D. Threat of substitutes

388. Over the past two years, a company filled 18 of its 24 leadership vacancies with internal candidates. The board's talent committee asks the CHRO what this means. Which statement is the BEST interpretation?

A. The internal fill rate is 25%, so most leadership openings must be filled through external search.

B. The internal fill rate is 75%, a sign of a strong pipeline to check against how those leaders perform.

C. The internal fill rate is 75%, which proves that the company's leadership development program is working well.

D. The internal fill rate is 300%, since internal hires outnumber external hires by three to one.

389. Respect is one of a company's core values, but in executive meetings the CEO routinely interrupts and overrides others. Several executives have told the CHRO the behavior is stifling debate, and engagement survey comments mention it. What is the CHRO's BEST approach?

A. Remove respect from the stated values, since espoused values that leaders do not practice harm credibility.

B. Give the CEO private, specific feedback on the behavior's impact on debate and culture, and offer coaching.

C. Coach the other executives to assert themselves more, since the CEO's style is unlikely to change.

D. Raise the issue with the board chair, since only the board has authority to address the CEO's conduct.

390. During bargaining, the parties consider creating a jointly administered training and upskilling fund paid for by an employer contribution of 25 cents per hour worked. Which principle should the senior HR leader keep in mind?

A. The fund is a voluntary company program outside ERISA, so its contributions can be redirected by management if business needs change.

B. Employer payments to a fund that the union helps run are prohibited under federal law, so the training must be paid to employees as wages instead.

C. The fund may be managed solely by the union's training director, provided the employer audits the account once each contract year.

D. The fund must be held in trust under a written agreement with equal employer and union trustees, who owe fiduciary duties to participants.

391. A company's ratings on employee review sites fell sharply over a year, and recruiters report that finalists cite the reviews when declining offers. Many reviews mention poor manager behavior and unclear career paths. What is the BEST enterprise response?

A. Increase the employer branding budget and launch a recruitment marketing campaign

B. Analyze review themes with internal data, fix root causes, and respond openly

C. Ask the review sites to remove inaccurate or negative reviews about the company

D. Encourage satisfied employees to post positive reviews to raise the overall rating

392. A company introduced an AI onboarding assistant in three of its six business units and wants to know whether it reduced first-year turnover. HR has turnover data for all six units for two years before and one year after the launch. Why would a difference-in-differences analysis give a stronger answer than comparing the three units' turnover before and after launch?

A. It removes all differences between units, so the units do not need to have followed similar earlier trends.

B. It proves the assistant caused the change, because comparing two time periods removes every possible source of bias and error.

C. It replaces the need for a comparison group by tracking the same three units over a longer period of time.

D. It nets out trends that affected all units, such as labor market shifts, using the other units as a comparison.

393. A defense contractor is building an insider threat program that will analyze employee network and badge activity. The CHRO is asked how to balance security with privacy and trust. What approach is BEST?

A. Let individual managers decide which employees to monitor based on their own sense of who seems risky.

B. Exclude HR from the program entirely so that security findings never influence employment decisions.

C. Use risk-based monitoring under a clear policy with legal and privacy oversight and limits on data use.

D. Monitor all employees equally and in secret so that no one can adjust behavior to avoid being detected.

394. Two companies forming a strategic alliance plan to assign engineers from each firm to a joint product team for three years. When structuring the talent-sharing arrangement, which set of terms is MOST important to define in the alliance agreement?

A. A single compensation structure for all assignees, a common benefits plan, and a merged performance rating scale

B. Ownership of intellectual property, which partner is the employer of record, and the assignees' rights to return

C. The number of engineers each firm supplies, their job titles on the team, and the location of the shared office

D. The team's shared mission statement, branding for the joint product, and the schedule for steering-committee meetings

395. A CHRO reviews a proposal for hiring managers to check candidates' social media themselves. Instead, the CHRO wants a trained non-decision-maker or vendor to do the screening and pass on only job-relevant findings. What is the main reason for this firewall?

A. It keeps protected traits seen online, such as religion or pregnancy, away from the people who make the decision.

B. It removes the need for candidate consent, since a vendor's review is not covered by fair credit reporting rules.

C. It lets hiring managers make faster decisions, since they receive a summary score instead of reviewing each account.

D. It lets the company review personal accounts in more depth, since a third party can ask candidates for their passwords.

396. The company's top-performing sales executive, who generates 20% of revenue, has received three informal complaints over two years about demeaning comments to female team members. The CEO wants HR to "get him a coach" and leave it there. What should the CHRO recommend?

A. Quietly move the executive to a role with fewer direct reports so that the team members no longer work under him.

B. Document the CEO's decision and wait for a formal written complaint before taking any further action on the matter.

C. Provide an executive coach as the CEO requests, since coaching is the least disruptive way to keep this valuable, high-revenue leader.

D. Investigate the complaints and apply discipline consistent with policy, adding coaching as a supplement rather than a substitute.

397. In a federated L&D operating model, how are responsibilities typically divided?

A. An external partner runs all delivery, while a central team manages vendor contracts and invoicing.

B. A central center of excellence sets standards and platforms, while business units deliver training.

C. Business units set their own standards and platforms, while the central team handles only compliance.

D. A central team designs and delivers all programs, while business units only nominate who attends them.

398. A compensation review finds that 25 tenured employees need an average adjustment of $4,000 each to correct compression. The company uses a 25% benefits load on base pay. What is the total annual cost of the adjustments?

A. $125,000
B. $100,000
C. $25,000
D. $5,000

399. In a company's handbook welcome message, the CHRO is revising language that states the company prefers to remain nonunion. Which principle should guide the revision?

A. The statement is lawful only if it is paired with a list of the union's past strikes, dues rates and fines on members.
B. The statement is lawful only if new hires sign a pledge to raise concerns with management first.
C. A nonunion preference is lawful if the text has no threat, promise or hint that organizing is futile.
D. Any statement of a preference to remain nonunion is unlawful in a handbook given to new employees.

400. Which governance arrangement for a company's code of conduct reflects best practice?

A. The legal department approves and maintains the code, and material changes are reported to the board as needed.
B. The CEO approves the code, and each business unit leader updates the sections that apply to that unit.
C. The board or a board committee approves the code, and a named executive owns its upkeep and reports on it.
D. The board approves the code and manages updates directly, without assigning ownership to an executive.